FINANCIAL TIMES

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Indonesia prepares for a 'Feast of Democracy,' Page 4

World news

Beirut offer to swap US hostage

Beirut kidnappers offered to free US hostage Alan Steen in exchange for 100 detainees in Israel. Islamic Jihad said in a hand-written statement delivered to a *Beirut* newspaper that Mr Steen was ill "and he might die in 10 days."

French hostage Jean-Louis Normandin said on a video cassette delivered to an international newsagency that his captors had delayed a "death sentence" against him. "They have extended my life ... I am in good health and well treated."

Lebanese Druze leader Walid Jumblatt said British church envoy Terry Waite was carrying "certain sums of money" when he disappeared in January and might have been trying to bargain with Iranians. But Tehran radio said Mr Waite had been kidnapped as a spy by a Lebanese group. Waite report, Page 4

Afghan border bombs

Fifty-one people were killed and 105 injured when aircraft bombed a Pakistani village near the Afghan border, according to reports reaching Peshawar. The dead were said to include Afghan refugees.

Freetown coup foiled

Forces loyal to President Joseph Momoh of Sierra Leone foiled an attempted coup after a gunbattle in Freetown, the capital, Government officials said. The revolt was apparently led by senior police officers. Page 4

Indian poll violence

At least eight people were killed and 130 injured as three of India's 24 states went to the polls in elections which are considered Prime Minister Rajiv Gandhi's toughest popularity test yet. All the killings took place in the southern state of Kerala.

US escort offer

The US has offered its warships as escorts for Kuwaiti oil tankers in the Gulf, where they could be threatened by new Iranian anti-ship missiles, US defence officials said.

Chad victory

The war in Chad reached a turning point with the capture of the key Libyan air and military base of Quadi-Doum in the north of the country by the forces of President Hissène Habré. Thousands of Chadians celebrated in the streets of Ndjamena. Page 4

Bankers arrested

The president and five senior managers of the publicly-owned Italian savings-bank Carical and the vice-president of one of the country's largest state banks, Banca Nazionale del Lavoro, have been arrested on embezzlement charges, according to police in the southern town of Cosenza.

Township murder

A black shopkeeper was beaten to death with a shovel as a gang of about 40 attacked his premises in Clermont township, near Durban, South Africa's Bureau for Information said.

British captain held

British Captain Simon Hayward, 31, of the Life Guards is to be charged at Uppsala, north of Stockholm, today with smuggling more than 50 kilos of marijuana found in his car, a Swedish police spokesman said.

Swastikas in post

Mail from South Africa to Israel had swastikas drawn on it and the Israeli Embassy in Pretoria received telephone threats following Israel's decision to impose limited sanctions against South Africa, an Israeli official said.

Business summary

Swiss banks agree on code

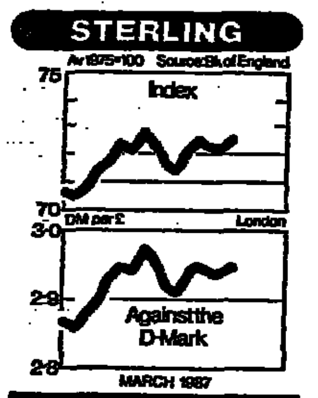
SWISS Bankers' Association aims for better identification of clients' funds following a new good-conduct code, due to come into force on October 1. Page 24

GUINNESS, largest limited partner in Ivan Boesky's $1bn investment partnership, joined list of partners suing Boesky for allegedly "misleading" them in 1986 offering.

WALL STREET: The Dow Jones industrial average closed up 30.26 at 2,363.78. Page 46

LONDON: Equities surged on renewed interest rate hopes as the FT-SE 100 index peaked with a 15.5 gain to 2,033.0 and the FT Ordinary index rose 12.6 to 1,611.5. Gilts eased. Page 46

TOKYO: Shares lost momentum and surrendered an early record. The Nikkei average closed 69.42 down at 21,588.25. Page 46



STERLING closed in New York at $1.6180. It rose in London to $1.6175 ($1.6020); to DM 2.9450 (DM 2.9375); to FFr 9.8025 (FFr 9.7800); to SFr 2.4650 (SFr 2.4625); but fell to Y242.75 (Y243.00). The pound's exchange rate index rose to 72.5 (72.2). Page 39

GOLD rose $3.75 to $408.25 on the London bullion market. It also rose in Zurich to $406.90 ($404.70) Page 38

DOLLAR closed in New York at DM 1.8170; SFr 1.5200; FFr 6.0510; and Y150.00. It fell in London to Y151.15 (Y151.65); to DM 1.82 (DM 1.8340); to FFr 6.0600 (FFr 6.1050); and to SFr 1.5230 (SFr 1.5365). On Bank of England figures the dollar's exchange rate index fell to 102.5 (103.1). Page 39

WICKES, UK building supplies and DIY retailer, is to change hands for £120m ($192m) in Britain's second-largest management-led buyout. Wickes executives, the company's US parent and a consortium of 13 institutions are participating in the transaction. Page 21

PEMEX, Mexico's state oil monopoly, lifted its cash surplus in peso terms largely by raising domestic fuel prices in line with inflation, while the country's export revenue plunged 56 per cent last year to $6.7bn. Page 21

SUPERMARKETS General reported a small rise in profits for the fourth quarter and year as Dart Group, competing retail chain, stepped up its pressure in its $1.6bn takeover battle for the leading eastern US food and drug retailer. Page 21

NESTLÉ, Swiss foods group, proposes to pay shareholders unchanged dividends of SFr 145 a share and SFr 29 a participation certificate after reporting a 2.2 per cent rise in consolidated net earnings to SFr 1.79bn ($1.16bn) last year. Page 22

BEGHIN-SAY, French sugar and paper group, is raising more than FFr 1.2bn ($197m) in fresh capital through issues of voting and investment certificate stock to pursue acquisitions elsewhere in Europe. Page 22

FIAT is spending a further L50bn ($38m) to expand the capacity at its car engine factory in Termoli, southern Italy, where the Fire 1,000 (Fully Integrated Robotised Engine) is produced. Page 22

Baker says debt plan is solution to Third World crisis

BY ALEXANDER NICOLL IN MIAMI

MR JAMES BAKER, the US Treasury Secretary, yesterday made a determined bid to counter scepticism about the success of the plan he launched in 1985 to stimulate economic growth in heavily indebted developing countries.

In a speech to the annual meeting of the Inter-American Development Bank, the multilateral lending institution for Latin America, Mr Baker said: "I believe this programme is the only solution that offers hope and can work in the long run."

Brazil's recent announcement of a moratorium on interest payments on its medium and long-term debt and the slow pace of negotiations with other debtors have aroused concern that the so-called Baker Plan was not alleviating the 4½ year old debt crisis.

The plan seeks to channel substantial new financing to debtor countries which make market-oriented policy reforms to promote growth.

Mr Baker said that he had been heartened by progress so far. He cited the example of Argentina's anti-inflation programme and schemes to convert debt into equity in the Philippines and Chile.

Commercial banks should be open to creative ideas for reducing the debt burden, but "I am confident the banks will make substantial new lending to the major debtors in 1987," he said.

The economies of major Latin American debtors were expected to grow an average 3.5 per cent this year, the fastest pace since 1980. Economic growth has at least equalled the growth of debt in nine of the 15 major debtors since 1983, he said.

Nevertheless Mr Baker, acknowledging that further progress would be gradual and painstaking, said: "We also recognise that progress will vary from nation to nation, depending on the willingness to make the policy choices that can attract capital and provide opportunity."

He made no reference to Brazil, whose economic and debt problems loom large over the gathering of officials from the IADB's 44 member countries, including Latin American and industrialised nations, as well as among the hundreds of private bankers who also traditionally attend. Brazil has made little headway in talks with leading creditor banks during the Miami meeting.

Mr Baker said progress was being made in negotiating structural reform of the IADB itself. The changes would give industrialised countries, and particularly the US, a stronger say in decisions on IADB lending and would clear the way for a replenishment of the bank's resources.

His remarks served to strengthen beliefs that a compromise on the issue, which divides the US from other members, including the UK and West Germany, is being quietly worked out and will be agreed when the question is next formally discussed in June.

The US has been demanding that each loan decision be based on a 65 per cent majority vote, giving it a veto provided that it carried one other member with it. Other countries are prepared to accept a 60 per cent vote, meaning that the US would have to persuade two other members to back a veto.

Mr Baker said yesterday only that the US was asking for loan decisions to require "approval by a

Continued on Page 20

Little progress for Brazil, Page 5

Mr Willy Brandt

Brandt's era ends suddenly after row

By Peter Bruce in Bonn

MR WILLY BRANDT, one of West Germany's dominant post-war leaders, yesterday brought an abrupt end to his 23 year reign as chairman of the opposition Social Democratic Party (SPD), and resigned amid fierce criticism of his leadership.

Mr Brandt, 73, who resigned as Chancellor in 1974 after it emerged that a close aid was an East German spy, has been under attack in the SPD for a week for trying to secure the job of party spokesman for a women, Ms Margarita Mathiopoulos, who is not a member of the party, has Greek nationality and is a friend of his wife.

Mr Johannes Rau, an SPD deputy chairman, said during a crisis meeting of the party executive here yesterday that Mr Brandt, who was due to leave office next year, had decided to go early to spare the party a "burdensome debate" about the leadership ahead of five important Länder (state) elections this year.

The executive later said it had chosen Mr Hans-Jochen Vogel, a conservative and present parliamentary leader of the SPD, as the party's new chairman. The other candidate for the job, Mr Oskar Lafontaine, Premier of the Saarland, will become a deputy chairman with Mr Rau and may be the party's next candidate as Chancellor. The executive's decisions will have to be put to a special party conference which will now be called for this summer.

Mr Brandt's resignation, which represents the end of an era in West German politics, comes in the wake of the SPD's failure to make any political headway in last January's general election despite high unemployment and widespread fears about the dangers of nuclear power.

He angered the party right during the compaign by offering only reluctant support to Mr Rau, the

Continued on Page 20

Brandt's second fall, Page 2

Bonn, Paris back Thatcher on arms talks

BY DAVID MARSH IN BONN

THE West German and French Governments yesterday gave Mrs Margaret Thatcher, the British Prime Minister, their firm backing for her tough line on super power arms negotiations, ahead of her five-day visit to the Soviet Union which begins on Saturday.

Speaking in Bonn after talks with West German Chancellor Helmut Kohl, which were preceded by discussions in Normandy with President François Mitterrand, Mrs Thatcher said arms control progress would depend in part on the "trust and confidence" built up by the Soviet Union in areas such as human rights.

Yesterday's rapid consultations with Britain's most important European allies were aimed at strengthening co-ordination of western views over the latest US-Soviet proposals for abolishing intermediate nuclear forces (INF) in Europe.

The talks also gave Mrs Thatcher an implicit brief to speak on behalf of the other military powers in the European alliance during her talks with Mr Mikhail Gorbachev, the Soviet leader.

The three governments welcome the prospects of an INF accord, provided it is backed up by strict verification procedures.

Bonn, Paris and London are, however, all concerned that the potential threat from the Warsaw Pact's superior conventional and chemical forces may be amplified by the removal of INF from Europe.

Mrs Thatcher also said yesterday she agreed with West Germany about the need to constrain short-range Soviet nuclear missiles which would remain in eastern Europe, even after intermediate-range weapons were removed.

Mrs Thatcher took a higher profile than the French and German leaders in calling for Mr Gorbachev to follow up his economic reform announcements and release of dissidents with more action to improve personal freedom in the Soviet Union.

However, Mr Kohl stressed that Mr Gorbachev would need to back up his reform proposals with action.

Both Mrs Thatcher and Mr Mitterrand agreed that the INF negotiations would not affect British and French nuclear deterrent forces which are currently being upgraded.

Mrs Thatcher echoed fears already expressed by French and West German politicians, that an INF accord could expose Nato's vulnerability in conventional weapons.

She was "concerned about the im-

Continued on Page 20

The Thatcher Years, Page 14

Ferruzzi to buy CPC's European starch interests

BY ALAN FRIEDMAN IN MILAN

FERRUZZI, the Italian food and agriculture group whose hopes of acquiring British Sugar were dashed recently by the UK Monopolies and Mergers Commission, is expected to pay about $600m to acquire the European corn-starch and glucose operations of CPC International, the US-based grocery products group.

The acquisition of CPC's European operations, the largest foreign takeover by an Italian company in post-war history, would make Ferruzzi Europe's biggest producer of starch, which has applications ranging from the foods to the chemicals sectors.

Following such a takeover Ravenna-based Ferruzzi, Italy's third largest private sector group with $7bn of annual turnover, would have more than a third of the European starch market.

The European starch, glucose and fructose operations of CPC, which employs 5,000 people at 13 factories in nine countries, would add almost $1bn of revenue to the Ferruzzi group.

The deal would see the Italian agro-industrial group leapfrogging Europe's other leading starch producers in terms of market share. The Ferruzzi-owned CPC network would be bigger than the European operations of Roquette of France, Amylum of Belgium, Avebe of the Netherlands and Cargill of the US.

The purchase of CPC's European holdings by Ferruzzi would round off the company's strategy of becoming the market leader in sugar, grain and cereal trading and now starch, a business in which Ferruzzi has not previously been involved.

Mr Raul Gardini, who heads Ferruzzi, has said on several occasions that his goal is to achieve a leading position in Europe in these areas, thus assuring himself of "agro-industrial" interests which process agricultural products for food and industrial applications.

One application of starch is in the pharmaceuticals sector. Ferruzzi has only recently consolidated its control of the Montedison chemicals and pharmaceuticals group.

Mr Gardini two weeks ago boosted his Montedison shareholding from 27.6 per cent to 37 per cent, thus assuring himself of effective control of Italy's second largest private sector company.

That deal, which brought to about $1.4bn the total amount of money Ferruzzi has invested so far in Montedison, means that Mr Gardini has control of two groups (Montedison and Ferruzzi) with combined annual revenues of $17bn.

Ferruzzi is Europe's leading sugar conglomerate through its holdings in Eridania (Italy) and Beghin-Say (France). It is possible that part of the CPC takeover will be accomplished through a French holding vehicle.

CPC's European operations have total productive capacity of 1.6m tonnes of starch a year. Around a quarter of this total is in the CPC plant at Manchester, which employs 750 people.

The CPC European network includes interests in Austria, Belgium, Denmark, France, West Germany, Italy, Ireland, the Netherlands, Portugal, Spain and Switzerland as well as the UK. The takeover deal is not expected to include CPC's control of the Knorr soup business in Switzerland.

Beghin-Say to raise capital, Page 22

Buoyant year forecast for British industry

BY PHILIP STEPHENS IN LONDON

A BUOYANT outlook was predicted yesterday by the Confederation of British Industry, the employers' organisation, which said that member companies' order books were at their best levels for 10 years.

The CBI's monthly industrial trends survey, based on replies from 1,685 companies, indicated that 43 per cent expected to raise their output over the next four months. Only 9 per cent predicted they would lower production, and 47 per cent expected to hold their output at current levels.

The resulting positive balance of 4 per cent was the best since 1977, strengthening the view that industry's prospects had been transformed by last year's fall in the value of sterling, the CBI said.

This upbeat assessment of the outlook was combined, however, with a call for the Government to bring down interest rates "substantially." Despite the recent fall in bank base rates, manufacturers still believe that the high level of borrowing costs is damaging Britain's competitiveness.

To coincide with the survey, the CBI published its own post-budget forecasts of the economic outlook, agreeing with the Treasury that overall output is likely to expand by 3 per cent this year.

The forecasts point to a modest revival in manufacturing investment, with the volume of capital spending expected to increase by around 3.7 per cent this year after a fall of 4.5 per cent in 1986.

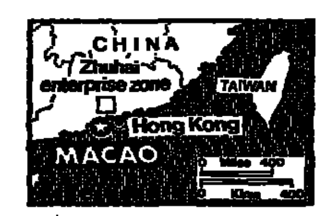
Across the economy as a whole the volume of exports is forecast to rise by 3.6 per cent

The employers' organisation, however, remains relatively pessimistic about the outlook for unemployment, predicting that the number of adults on the official register will remain above 3m for the rest of this year.

Lisbon agrees Macao handover

BY OUR FOREIGN STAFF

PORTUGAL and China yesterday agreed to restore Chinese control to Macao, the tiny enclave on the Chinese mainland, which is not only the oldest European settlement in Asia but also the very last outpost of the Portuguese empire which once stretched from the Americas to the South China Sea.



The agreement is especially important because it means that China, having resolved the future of both Hong Kong and Macao, will now turn all its efforts towards trying to win a similar breakthrough over the much trickier issue of Taiwan, the island run since 1949 by defeated Chinese nationalists.

A joint communique issued in Peking and Lisbon yesterday gave no date for the handover, but Portugal is expected to relinquish control of Macao, which it first colonised in 1557, on December 20 1999.

The Portuguese would have preferred the handover to be in 2007, giving them more time to train local officials and giving them a decade to take advantage of a possible flight of capital from Hong Kong, which the British have agreed to relinguish in 1997. But the Chinese were adamant that the handover must be before the turn of the century.

Portugal and China will initial a joint declaration in Peking on Thursday. This may give more insight into the details of the agreement, which have been shrouded in secrecy since talks began last June.

The agreement is expected to be similar to the "one country, two systems" compromise worked out for Hong Kong, which will maintain its present social system for 50 years after the Chinese regain control in 1997.

An announcement had been expected last week but was delayed by several unresolved issues, including the vexed question of dual nationality for those of the 40,000 Macanese entitled to Portuguese passports but intending to remain in Macao under Chinese control.

Macao measures only six square miles and has declined in importance since Britain founded the Hong Kong colony across the Pearl River in 1841, turning it into a thriving financial and trading centre. But before that Macao was an important trading post for the Taipans, or trade barons, whose commerce revolved around opium imported from India and the Middle East.

CONTENTS

Europe 2, 3
Companies 22
America 5
Companies 21
Overseas 4
Companies 23
World Trade 6
Britain 7, 8, 10, 11
Companies 26-30

Agriculture 34
Appointments 33
Arts – Reviews 15
World Guide 15

Commodities 34
Crossword 36
Currencies 35
Editorial comment 18
Eurobonds 24
Euro-options 36
Financial Futures 35
Gold 34
Intl. Capital Markets 24
Letters 19
Lex 20
Management 21
Market Monitors 48
Men and Matters 18
Money Markets 35
Raw Materials 34
Stock markets – Bourses 42, 46
– Wall Street 44-46
– London 40-42, 46
– World Index 35
Technology 25
Unit Trusts 36-39
Weather 20

CHIRAC CHANGES TACK ON EUROPE

David Housego reports on a shift of policies in Paris, Page 3

Trade: EEC move puts EFTA on its metal 6
The Thatcher Years: Samuel Brittan on the economy 14
Editorial comment: Japan fails another test; defence against Opec 18
European Regional Policy: dilemmas of the great divide 18
Man in space: impasse at the final frontier 19
Lex: Booker; Pentland Industries; IMI; the dollar 20
Technology: Volex spins its car-wiring web 25

Sluggish growth forecast for French economy

BY DAVID HOUSEGO IN PARIS

ECONOMIC GROWTH in France will remain sluggish next year according to government forecasts published yesterday which will provide the framework for preparatory work on the 1988 budget.

The Government foresees real gross domestic product expanding next year at 2.3 per cent after a 2 per cent increase in 1987—down from earlier forecasts of a real expansion this year of 2.8 per cent. But both this year's and 1988 growth will be more soundly based than in 1986, with exports and investment taking over from consumption as the main motors in the economy.

But despite this and the projection that the number of jobs in the economy will increase, unemployment will continue to rise because of demographic trends.

The continuingly modest growth will, on the Government's forecasts, be accompanied by a further slowing down in the inflation rate but by no further improvement in the trade account. Inflation will slow down to 2 per cent on a 12-month basis by the end of next year from an anticipated 2.4 per cent at the end of 1987.

The trade balance, which was marginally in surplus in 1986, will continue to show a token surplus of FFr 1bn (£103m) in both 1987 and 1988—reflecting problems of the competitiveness of French industry. The Government, however, expects a substantial FFr 25bn current account surplus as a FFr 25bn current account surplus as a result of improved service yearnings and lower debt servicing payments.

The budget—for which the forecasts provide the main economic assumptions—will be the last before the presidential elections in May next year.

On the Government's forecasts productive investment will rise by 4 per cent in real terms this year and next, but fixed capital investment by industry will slow down next year.

After last years stagnant growth in exports, the government expects exports to expand by 3.7 per cent in volume terms this year and by 5.9 per cent in 1988. Import growth will also remain high rising from 4.1 per cent in 1987 to 5.0 per cent

Strikes and protests spell transport chaos for Spain

BY DAVID WHITE IN MADRID

THE MOMENTUM of labour and student protests has begun to build in Spain, with a series of unconnected strike movements due to culminate in widespread transport chaos at the end of the week.

University students all over the country launched a strike movement yesterday against planned reforms of study programmes. The protests coincided with a third strike in the state-owned Hunosa coal mines in the northern Asturias region in protest against cost-cutting plans which involve the loss of about 2,000 jobs.

The Communist union body, Workers' Commissions, one of the organisers of the mine movement, has called a general strike for the whole Asturias region today as a show of force against the Socialist Government in Madrid. Work at the mines was brought to a halt yesterday as Communist and Socialist unions joined forces for a three-day stoppage.

Strikes are also planned today by supply teachers in search of better conditions and by workers in the special steel industry. These in turn are due to be followed on Wednesday and Thursday by doctors in state hospitals, who are conducting a series of protests against conditions in the public health system, and by employees at the leading motor components company Femsa.

Ground staff at Iberia, the national airline, and its sister company Aviaco, are planning the first in a series of three one-day strikes on Friday in pursuit of a pay claim.

Nuclear benefits for Third World spelled out

By William Dullforce in Geneva

DEVELOPING countries could profitably exploit nuclear physics in other ways than by generating electricity, Mr Hans Blix, director general of the International Atomic Energy Agency (IAEA), said here yesterday.

In spite of the controversy surrounding the transfer of nuclear technologies, some could be important in the development of agriculture in the Third World, he said.

He instanced applications of radioisotope and radiation techniques to soil fertility, plant breeding and nutrition, pest control and food preservation.

Mr Blix was addressing the opening session of the UN conference on international co-operation in the peaceful uses of nuclear energy.

Conceived almost ten years ago, the scheduled three-week conference, attended by more than 120 governments, aims at ventilating both the opportunities and the problems of transferring nuclear technology to the Third World.

It is not intended to be a forum to make a case for or against the use of nuclear energy, Mr Amrik Mehta, its secretary-general, underscored. But deep-seated differences over the principles which advanced nuclear powers apply when selling their technology are likely to surface.

The insistence by the US, Soviet Union and the UK on "full-scope safeguards" on how their technology is exploited in receiving countries is not accepted by countries such as India, Brazil and Argentina with burgeoning nuclear industries.

Questions had been raised about the readiness of developing countries for nuclear power after the accident to the Soviet reactor at Chernobyl, Mr Blix said. But for these countries nuclear power represented a possibility which had to be considered seriously and responsibly.

Public reaction to the Chernobyl disaster had been much stronger in developed countries than in countries such as India, Mr Blix pointed out.

In focusing on the problems of transferring the technology, the conference should recognise that finance was not the only constraint, Mr Blix said. The inculcation of skills, the technical and legal infrastructures also had to be studied.

Andreotti's coalition bid set to fail

BY JOHN WYLES IN ROME

LEADERS of Italy's Socialist Party will decide today whether to deliver the effective coup de grace to the attempt by the Christian Democrat leader, Mr Giulio Andreotti, to form a new Italian government.

If, as is widely expected, the Socialists do turn down Mr Andreotti's latest compromise proposals, then the five times former prime minister is expected to resign the mandate he assumed nearly three weeks ago either tonight or tomorrow.

President Francesco Cossiga would then have to decide whether to dissolve Parliament and call an early general election at the end of May or to give a mandate to another political leader.

However, the only alternative to Mr Andreotti's patient and methodical bid to maintain the five-party coalition which has governed Italy since 1983 would be some kind of line-up on the left, supported from outside the government by the Communists, Italy's second largest party.

Some Italian newspapers and magazines have reported that the Socialist leader, Mr Bettino Craxi, has been taking soundings about just such a coalition which would enable him to stay on as premier. The logic of it would be that the Socialists, Social Democrats, Liberals, Radicals and the Communists are all parties which want the controversial referendums on nuclear energy and the responsibilities of the judiciary to go ahead as scheduled on June 14.

Whether those parties could agree on anything else, however, is unsure as is also the parliamentary arithmetic, which may just fall short of working majority.

Under the Italian constitution, the calling of an early election would automatically block the referenda. The Christian Democrat party, Italy's largest, would prefer to avoid them by five-party agreement on legislative changes which would make them unnecessary.

Mr Craxi has built the referendums into a question of principle involving the people's right to decide. Mr Andreotti's compromise prop oasselskep compromise proposals seek to avoid them through legislative changes, guaranteeing a victory for their sponsors, to be followed by the elaboration of coherent policies for supplying Italy's energy requirement and reforming the judiciary.

Edward Mortimer and Peter Bruce on the toppling of the SPD chief

The second fall of Mr Brandt

MR WILLY BRANDT's forced resignation yesterday as chairman of the German Social Democrat Party (SPD) marks the second and presumably final downfall of one of the leading figures in postwar European politics.

It is nearly 13 years since Mr Brandt resigned as West German Chancellor in May 1974, discredited by the discovery that one of his closest personal aides, Guenter Guillaume, was an East German spy. At the time he appeared a spent and exhausted leader, handing over almost with relief to his Finance Minister, Mr Helmut Schmidt.

Yet Mr Brandt retained enormous prestige as the man who had led the Social Democrats back to power for the first time in their postwar history, and even more so on the international stage as the father of the Ostpolitik which had brought reconciliation between West Germany and its former enemies to the east as well as mutual recognition between the two postwar German states.

His visit to Poland in 1970, when he fell on his knees in a dramatic gesture of atonement before the monument to the Polish Jews massacred by German troops in the Warsaw ghetto, caught the imagination of the world and he was awarded the Nobel Peace Prize.

Delivered from the immediate responsibilities of government, Mr Brandt retained his position as chairman and effective leader of the SPD, and soon recovered much of his old vigour.

He also moved to the left and soon became the patron, if not the idol, of the radical Young Socialists who vociferously challenged the pragmatic and Atlanticist direction of government policy under Mr Schmidt. Relations between the two leaders soon became strained.

In 1976 he became president of the Socialist International—a post he still retains—and later chaired the international commission which in 1980 produced the so-called "Brandt Report" on North-South relations, urging the industrial world to seek its own economic salvation by helping the Third World to grow.

The report fell on infertile ideological ground—it coincided with the "second oil shock" and the adoption of monetarist policies in many OECD countries—but it strengthened Brandt's reputation as a man of humane impulses and international vision.

At home though, the past four years have been less than happy. The SPD went into opposition for the first time in 13 years in late 1982 and failed badly in the general election last January when it collected only 37 per cent of the national vote.

Mr Brandt was held responsible for part of the defeat by the right wing of the party, which argued that he had not supported its Chancellor candidate, Mr Johannes Rau, strongly enough. Mr Rau, whose job it was yesterday to announce Mr Brandt's resignation, had been handpicked originally by the party chairman to run as chancellor.

But Mr Brandt, of whom one close friend once said "he is the most complex person I have ever met. He doesn't know where he stands on a lot of issues . . ." appeared in mid-campaign to change his mind. He began to massage the discontented SPD left by refusing to rule out SPD co-operation with the radical Greens party.

His apparently arbitrary attempt last week to try to foist Ms Margarita Mathiopoulos, a Greek national and a political neutral, on to the party as its chief spokesman proved to be the final straw for many of the old right wing.

Mr Brandt did not fall yesterday, he was pushed. His old party friend and fixer, Mr Hans-Juergen Wischnewski was probably pushing harder than anyone else.

The SPD left, which Mr Brandt leaves in the ascendant, will not have tried too hard to prevent him going a year earlier than planned.

Mr Brandt (above) departs, pushed from the chairmanship of the SPD following his apparently arbitrary attempt to appoint a Greek national and a political neutral as the party's chief spokesperson.

Mikulic warns against unrest

YUGOSLAV newspapers yesterday published front-page warnings from the Prime Minister Branko Mikulic and a top army general that troops would be mobilised if widespread unrest threatened the ruling communist party, Reuter reports from Belgrade.

The four leading Belgrade dailies published the text of an interview with the Prime Minister across their front pages, including his warning that the authorities would use all means, including the army, to crush opposition if it went too far.

The newspapers also carried the text of an interview with General Milan Deljavic, Deputy Defence Minister, which originally ran in the Slovenian regional daily Delo, in which General Deljavic warned that the army could not ignore political developments.

Western diplomats said that both interviews seemed to be indirect warnings that the regime would not allow unrest to get out of hand.

The warnings came in the wake of nationwide strikes over a wages freeze and amid a growing wave of political dissent in this communist and non-aligned country of 23m people.

The government is struggling with almost 100 per cent inflation, a national debt of $19.7bn, sluggish exports and poor productivity in industry.

Yugoslavia was hit this month by a massive wave of strikes after the government imposed a freeze, returning wages to their average level of the last quarter of 1986 and pegging future wage rises to productivity.

The interview with the Prime Minister covered a wide range of economic and political themes, and the newspapers headlined the text with an emphasis on the need to buckle down and solve the economic crisis.

The daily Vecernje Novosti newspaper introduced the interview with a front-page headline: "On the road to the end of the crisis." The headline in the official Borba said: "In self-management lies the future."

"They have made this a message for every Yugoslav," a veteran Yugoslav political analyst said.

Yugoslavs questioned in the street said they had not heard about the Prime Minister's remarks and most were astonished that he had made such a strong warning.

"The way the newspapers have reproduced the two interviews shows the two are linked," the analyst said. "It also shows the message was not just for overseas consumption."

The interview with the prime minister was given to West German reporters ahead of a visit to Bonn due on Thursday, and published by the official Tanjug news agency.

He had earlier rejected wage or price freezes but as inflation ran out of control early this year he changed course and imposed the partial freeze.

Fears for financial regulation

BY HUGO DIXON IN NICE

THE EUROPEAN Commission's approach to financial deregulation could lead to a lowering of supervisory standards throughout Europe, a senior French banker warned.

The Commission should be working for a harmonisation of capital ratios, taxation and the rules against market malpractices such as insider trading, Mr Robert Lion, Director General of Caisse des Dépôts et Consignations, said at the ninth European Financial Management and Marketing Association convention here.

Instead, in its eagerness to achieve a unified capital market for Europe by 1992, it was simply proposing that each EEC member country recognise that financial institutions regulated in another member country were sufficiently supervised. There was a danger, he said, that countries might try to give their own banks a competitive advantage by lowering regulatory standards.

A sharply opposing view was given by Mr Daniel Cardon de Lichteuer, a member of Banque Bruxelles Lambert's main board. He argued that European central banks had very little incentive to sacrifice their independence and harmonise their regulations. The prospect of a unified capital market with business flowing to the least supervised country would provide such incentive.

Mr Cardon de Lichteuer also argued that the creation of a unified capital market was not only worthwhile in itself, but would force European governments to co-operate more closely on macroeconomic policy.

Home banking spreads swiftly in Europe

By Hugo Dixon in Nice

TWO THIRDS of Europe's banks now offer a home banking service and, by 1992, nearly 90 per cent of them will.

These are the main conclusions of a survey of videotex and home banking among 400 European banks carried out by the European Financial Management and Marketing Association and published yesterday.

The main reason for offering home banking is to improve productivity or because customers want it. The main obstacle to its further development is customer resistance to change, though the availability of sufficiently cheap terminals and how to charge for home banking services are also seen as problems by bankers.

More than 90 per cent of those interviewed thought that home banking should be charged for. However, there was no agreement on what form the pricing structure should take. Most bankers also believed that the pricing policy would become a competitive factor between different banking organisations.

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Opposition rises to French social security changes

BY GEORGE GRAHAM IN PARIS

THE French Government's plans for reforming the social security system face a rising tide of opposition in the wake of a large protest march in Paris.

The march, organised by the CGT union, is seen as the Communist organisation's most successful attempt for several years to mobilise support. An estimated 200,000-300,000 marchers took part.

Other unions are planning to mobilise their members in opposition to the reform plans, although they have some doubts over the degree of grassroots support for action.

In a bid to defuse the controversy, the Government has already called for special conventions, to take place over the summer and autumn, to discuss the future of the welfare system.

The social security budget recorded a deficit of FFr 20.9bn (£2.15bn) last year, and its losses are expected to reach FFr 30bn in 1987.

Mr Philippe Seguin, Minister for Social Affairs, has already embarked on a cost cutting programme on the health side of the social security budget, which has aroused indignation, if not massunrest, among the estimated 4.5m French citizens who benefit fro mcompletely free health care.

But the retirement benefits division of the social security budget faces a growing structural deficit, resulting from the ageing of the French population and the decline in the workforce paying social security contributions, which calls for a more radical reform.

The Government is unwilling to contemplate a further rise in social security contributions, which it already increased last year, but opposition is mounting to any budget-balancing cuts in the services supplied by the social security system.

The CGT yesterday put forward its own proposals for solving the social security deficit, which it claimed would immediately improve the budget by FFr 64bn. The union views the deficit as being chiefly the fault of unemployment, and therefore sees the long term solution as a better employment policy.

In the short term, however, it proposes extending the social security contribution rate of 12 per cent currently levied on employment income to cover investment income (a gain of FFr 36bn according to CGT figures), taking steps to call in the dues owed by companies to the social security (FFr 10bn); and ending subsidies from the general social security budget, which covers most employees, to special budgets such as the miners' or agricultural workers' funds (FFr 17bn).

David Housego on policy shifts which France's Prime Minister is not saying too much about

Chirac quietly alters political course towards EEC

MR JACQUES CHIRAC, the French Prime Minister, is not a man to hide his light under a bushel. But one of the least publicised and more striking changes of his administration has been the shift of tack in policies towards Europe.

He came to power reluctant to endorse enlargement of the EEC, committed to supporting French farmers against the erosion of the Common Agricultural Policy (CAP), and at the head of a neo-Gaullist RPR party which has a long tradition of hostility to supranationalism in Europe, and which also includes a powerful lobby opposed to the signing of the Single European Act treaty.

The Prime Minister now claims the credit for the improvement in France's relations with Spain, he has imposed on French farmers tougher quotes and price packages than his predecessors, he drubbed his followers into line to get the Single European Act put through the Assembly, and he has made his own proposals for greater European co-operation on security issues.

If the Government does not trumpet this turnabout, it is because some of the changes have been painful for its supporters—the wine and vegetable growers in the south-west had hoped, for instance, for a tougher attitude towards Spain.

But in private, Mr Chirac has been known to compare himself as a good European with Mrs Margaret Thatcher of Britain who for a long while "was not," and with Chancellor Helmut Kohl of West Germany who "has been moving away"—a comparison that underlies another change, which is that on some issues like agriculture and security the French now feel their views are closer to Britain's than West Germany's.

The shift in Mr Chirac's views does not simply reflect a change of heart. It is the result of a complex combination of factors that include domestic pressure towards compromise during a period of "cohabitation" with a Socialist President, electoral considerations, the emergence of France as a net contributor to the European Community budget, and the unease on security issues in Europe brought about by recent US and Soviet disarmament proposals.

French officials now see the pillars to France's European policy as being:

● The development of the single European market, with the further opening of frontiers providing an important spur to economic growth. Officials point to the 1992 deadline as a beneficial lever to encourage further restructuring of industry and the financial markets. They also recall that Mr Chirac wrote personally to Mrs Thatcher backing her proposals on the development of the internal market.

● The cutting of agricultural surpluses while maintaining the CAP in the context of an EEC budgetary approach which limits additional expenditures and allows for only a modest increase in resources.

● Closer collaboration over security issues and arms production. Mr Chirac has put forward his own plan for a European security charter as the framework for a European response to both the US and Mr Mikhail Gorbachev's disarmament proposals and which should be negotiated in a Western European Union (WEU) forum.

Mr Chirac: Not just a change of heart

What is noticeably absent from this approach is the rhetoric or eye-catching initiatives (the EMS, Eureka) that have long marked French policy towards Europe. Missing as well is any public interest or enthusiasm in France for European issues. Mr Jean-Francois Póncet, the former Foreign Minister, puts it down to the deadening effect of a succession of European disputes and the slow pace at which changes in Europe have been achieved.

Among the factors which have influenced the shift in government attitudes, one of the least evident lies in the preliminary skirmishings for the presidential election in May next year. The outcome will turn on a small percentage swing of votes by middle-of-the-road electors.

The centrists in France—who have thus had a pivotal role—have traditionally been the most insistent advocates of closer European integration and a strengthening of European institutions.

To woo their votes, the Socialists have already begun to make European issues a major plank in their election programme—with President Mitterrand's speech at Chatham House in London in January staking out the main landmarks. The Socialists also believe that through concerted action the EEC nations can boost their economies to the higher levels of growth which now escape them individually.

Former President Valery Giscard d'Estaing has likewise been pressing for the development of the Ecu as a common European currency and for strengthening Europe's institutions through an elected presidency.

Notwithstanding the traditionally nationalist sentiments of the Gaullists, Mr Chirac does not feel he can afford to be left behind. He is thus now a greater enthusiast for joint European research projects than when he came to power, and equally for European-oriented public works projects such as the Channel Tunnel or motorway extensions.

The most difficult change for the Prime Minister to navigate has been over agriculture policy, because the RPR has been identified closely with the defence of farmers interests and thus of continuing subsidies for the CAP.

But under budgetary pressures, Mr Chirac has come to accept that the EEC can no longer go on financing surpluses—and that a policy of national subsidies would be more difficult to apply in France than West Germany because it has more farmers and more land. He believes equally that French cereal producers could benefit from lower internal European prices because they are competitive enough to do well in world markets.

In Mr Henri Guillaume, the former farmers' leader and now Minister of Agriculture, he has a colleague with the authority and skill to get the farming community to accept this year's hefty 8 per cent cut in milk quotas together with price freezes on other products with relatively little of the violent demonstrations that are a feature of the French agricultural scene.

He has also carefully sweetened the pill by fresh selective aids to farmers. But the long-term restructuring of the French farming sector has now taken a substantial step forward.

On defence, Mr Chirac had already moved a long way from Gaullist traditions of independence towards a more European concept of defence before he came to power.

His Defence Minister, Mr Andre Giraud, anxious to cut costs on weapons procurement, is now extending French collaborative ventures with Britain and West Germany—recent agreements with Britain marking a milestone in relations between the two countries.

At the same time, Mr Chirac has taken a slightly different tack from President Mitterrand on European security consultation by proposing that the forum for this should be the WEU rather than the EEC Council of Ministers as favoured both by Mr Mitterrand and Mr Jacques Delors, the EEC Commission president.

The real test of French intentions over Europe will come in the French readiness to make the sacrifices involved in moving to a single internal market. The French since 1958 have regarded the opening of their markets as concessions to their partners bartered in exchange for compensations. There are signs that this is beginning to change in such key areas of public purchasing as telecommunications and defence. But it will be a long haul nevertheless.

Polish call on private ownership

By Christopher Bobinski in Warsaw

THE HEAD of the Polish Government's public opinion research centre has suggested that private ownership be permitted on a much wider scale throughout the economy to overcome increasing apathy and decline in the state-controlled sector.

Colonel Stanislaw Kwiatkowski, who has headed the centre since it was set up five years ago, says in the weekly Polityka that the "way to dynamise the economy is to organise ownership in different ways."

At present, some 16 per cent of the national income is produced by the private sector, mainly farming, while 40 per cent of services are provided by 480,000 private businesses staffed on average by the owner and one employee.

Colonel Kwiatkowski suggests share ownership by workers in their companies, the establishment of private joint companies which he calls "Socialist group ownership of capital," mixed private and state ventures as well as the issuing of shares and obligations by companies for purchase by the general public.

The article in Polityka reflects disillusionment over the failure of Poland's management reform partially brought in after 1982 to boost the economy. It also runs parallel to demands by some economists from the banned Solidarity movement who argue that the key to any improvement lies in the extension of private ownership in industry.

The colonel bases his conclusions on what he calls the growing feeling in Poland that economic conditions will not improve, a mood of passivity in the state sector and a marked flow of the more active people into the private service sector.

Turkish deficit soars

By David Barchard in Ankara

TURKEY's current account deficit last year was $1.518bn, just under 50 per cent up on the 1985 figure and far above official forecasts during the year.

A change in the terms of trade in the Middle East, a slight decline in tourism earnings, and a sharp increase in debt servicing payments were the main factors responsible.

Payment of interest on foreign debt rose by 21 per cent to $2.1bn, while Turkey paid $2.152bn on long-term principal repayments and $216m on short term debt, 15 per cent up on 1985.

The performance is chiefly disappointing when set against the hopes of Turkish officials at the beginning of the year. Though debt payment obligations will remain very high this year and next, the signs are that the central bank and the Treasury have the situation well under control.

The central bank expects that the current account deficit this year will revert to around $1,000m. Officials say that loans already in the pipeline and due for completion by the end of next month total around $1.7bn.

● Turkey will definitely apply for full membership of the European Community this year and could be a member in as little as five years, the Turkish minister responsible for relations with the Community, said at the weekend.

Speaking in Istanbul, he said there would be no serious problems for Turkish industry if the country joined the Community, but that agriculture might face some difficulties. Turkey's annual population growth rate of nearly 3 per cent was the main reason for some EEC countries' alarm at the prospect of Turkish membership, he said.

Comecon-EEC power grids may be linked

BY LESLIE COLITT IN BERLIN

EAST and West Germany are considering proposals under which the West would deliver peak load electricity to East Germany which in turn would provide it to West Berlin.

It would mark the first link between the Comecon and European Community electricity grids. For West Berlin it would be something of a political breakthrough as the city has generated all its electricity since 1948.

East Germany, which has suffered serious electricity shortfalls this winter, raised the subject at last week's Leipzig Trade Fair in talks between Mr Erich Honecker, the East German leader, and Mr Martin Bangemann, West Germany's Economics Minister. It was also discussed by Mr Honecker and Mr Eberhard Diepgen, the governing mayor of West Berlin.

Power stations in the city, which is 110 miles inside East Germany, have an installed capacity of 2,233 MW. Peak load electricity is expensively supplied by gas turbines which would be kept for security reasons even if agreement were reached with East Germany.

OVERSEAS NEWS

S African right in final effort to form pact

BY ANTHONY ROBINSON IN JOHANNESBURG

SOUTH AFRICA'S feuding right-wing parties, the Conservative Party (CP) and the Herstigte Nasionale Party (HNP) were locked in a final effort to reach an electoral pact last night after weeks of bitter wrangling. The executive committees of both parties met in their respective Pretoria party headquarters while Mr Eugene Terre'Blanche, leader of the para-military Afrikaner Resistance movement (AWB) mediated between the two sides.

The last-ditch effort to secure a division of electoral seats which would allow the right-wing to mount an effective challenge to the ruling National Party (NP) follows weeks of on-off negotiations. The stumbling blocks have been personal antagonism between Dr Andries Treurnicht, the CP leader, and Mr Jaap Marais of the HNP who up to now has insisted on fighting the Pretoria constituency of Hercules, one of 18 seats currently held by the CP.

In terms of the draft pact the CP is insisting on fighting all the 18 seats it currently holds but is willing to stand aside in 10 other constituencies currently held by the NP which both parties believe are winnable, provided there is no dispersion of the right wing vote.

Behind the personal rivalries however lie important doctrinal differencies. The HNP, which split from the NP in 1969, has been seeking a public admission from the CP that it was wrong to wait until 1982 for its own breakaway from the NP which, in right-wing eyes, has betrayed the "pure" apartheid policies of the past. The CP leadership has refused to admit that it was wrong to work against the "revisionism" of Prime Ministers John Vorster and P. W. Botha from within the NP until 1982.

The CP also rejects as impracticable the HNP's plans to repatriate the nearly 1m strong Indian community and its plans to drop English as an official language in favour of Afrikaans only. The two parties also differ in other ways, including their attitude to the AWB which has publically declared its willingness to use violence to "defend" white interests and advocates the re-establishment of the pre-Boer war independent Afrikaner republics of the Orange Free State and the Transvaal.

The CP leadership, frustrated by the uncompromising nature of the HNP leaders, believes that the HNP, which had only one seat in parliament, exaggerates its electoral support.

The delay in reaching an electoral pact has distracted both parties from the task of organising effectively to fight the election and has led to a groundswell of grass roots frustration.

Peacock fired by Howard

MR JOHN HOWARD, the Australian opposition leader, yesterday dismissed Mr Andrew Peacock, his party arch-rival as spokesman for foreign affairs after accusing Mr Peacock of undermining his position in the Liberal Party, Reuter reports from Sydney.

Mr Peacock, ousted as opposition leader by Mr Howard in 1985, accepted Mr Howard's right to "hire and fire," but his angry supporters said a leadership challenge was imminent.

The Howard-Peacock rivalry broke into the open only a day after Prime Minister Bob Hawke said he might call an early election if discord in the opposition undermined business confidence and affected Australia's economic recovery.

Liberal Party officials said they feared that the move against Mr Peacock could lead to the collapse of the opposition coalition between the Liberal and National parties at a time when Mr Hawke was preparing for elections this year.

The coalition is already under attack by Queensland Premier Sir Joh Bjelke-Petersen, a veteran National Party member, who has called for a split with the Liberals. Latest public opinion polls also showed that a Peacock/Bjelke-Petersen crusade was more likely to defeat the Hawke Government than the Howard leadership.

Sierra Leone revolt foiled

FORCES loyal to President Joseph Momoh foiled an attempted coup in Sierra Leone early yesterday, government officials said, Reuter reports from Freetown.

The revolt was apparently led by senior police officers and there was a gunbattle in the west of the capital Freetown, the officials said.

There were no immediate reports of the incident in the official news media.

Police officials said an attempt had been made to oust President Momoh. But the coastal capital was calm and residents went to work as usual.

President Momoh, formerly chief of the Sierra Leone army, took over from veteran leader Mr Siaka Stevens in November 1985 in one of the Africa's smoothest power changes.

There was no immediate comment from the Government on the fighting.

The officials said the driver who was shot dead worked for Mr Alfred Dumbuya, Assistant Police Commissioner responsible for the country's para-military police.

They could not say where Mr Dumbuya was.

Sierra Leoneans have recently become restless over the apparent inability of President Momoh to reverse years of economic decline, analysts said.

His accession was welcomed by most people, who hoped it would herald a reversal of years of decline spurred by rampant corruption.

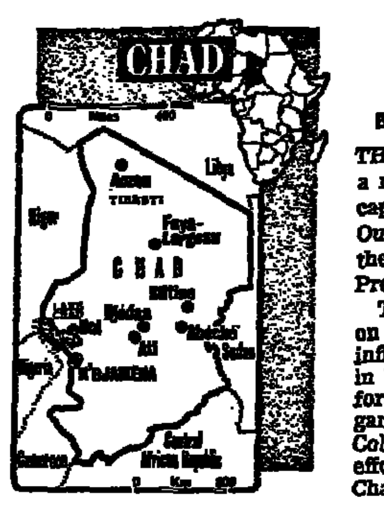
But serious student unrest broke out in the former British colony earlier this year over food allowances.

Kenya expels more Ugandans

KENYAN courts ordered the expulsion of hundreds of Ugandans as police continued a nationwide crackdown on illegal immigrants.

Some 600 Ugandans netted in a police operation over the weekend appeared in a Nairobi magistate's court, where 400 were sentenced to 30 days jail to be followed by deportation.

President Daniel arap Moi ordered the swoop on illegal immigrants last Tuesday after accusing them of being a danger to security.



Chadian war goes sour on Gadaffi

BY PAUL BETTS IN PARIS

THE WAR in Chad may be at a major turning point with the capture of the Libyan base of Ouadi-Doum in the north of the country by the forces of President Hissene Habre.

The capture of Ouadi-Doum on Sunday and the third defeat inflicted on the Libyan troops in barely four days by Chadian forces and their allies is regarded as a big setback for Colonel Muammer Gadaffi's efforts to counter the recent Chadian offensive to reconquer the Libyan-held north of the central African country.

About 1,200 Libyan soldiers are said to have been killed at Ouadi-Doum and the air strip completed by the Libyans in 1985 was captured. The air strip and radar installations have twice been bombed in retaliation against Libyan raids in southern Chad beyond the 16th Parallel—the dividing line between what was the Libyan-held north and the south.

The capture of Ouadi-Doum at the weekend followed two other defeats for the Libyans. About 800 Libyan soldiers were killed and several Soviet-built T55 tanks captured or destroyed last Thursday and Friday.

Chadian forces have captured two of the three main Libyan outpuosts in the north. After the fall of the Libyan garrison of Fada two-and-a-half months ago and the capture of Ouadi-Doum at the weekend, Chadian troops and their allies are now envisaging an offensive against the third Libyan outpost near Faya-Largeau.

The latest Libyan successes are notable coming as Col Gadaffi was trying to launch a counter-offensive to recapture Fada. It appears that part of Libya's crack forces recently sent to regain Fada suffered the heaviest casualties last week.

Chad benefits from French logistical and military support. Col Gadaffi has recently threatened France with terrorist retaliation for his Chadian defeats.

John Murray Brown reports on an election whose outcome is certain

Court tradition rules in Jakarta poll

"WE don't want a situation here where politics is king" was one official rationale for the strange beast paraded in Jakarta this week. It is an Indonesian parliament election, campaigning for which starts today.

Turned on its head, the remark is an apt remainder that power in this highly conservative society is still based on a popular deference to authority and the Government's support from a huge bureauceacy and an all-powerful army.

No one doubts that, when ballots are cast on April 23, the country's 94m voters will return President Surharto's Golkar Party, which has ruled the sprawling equatorial nation for more than 20 years. That Golkar expects to increase its 64 per cent parliamentary majority is seen as evidence of the Government's almost unchallenged position, rather than as poof of large scale popular support for its amorphous political machine.

The fact might seem all the more remarkable given the economy's current dramatic downturn, facing its worst recession in 10 years. But in Indonesia, political change by the ballot box remains little more than a mathematical possibility. Besides, it is hard not to feel that elections merely provide the theatre while the military take the leading roles.

The authorities are nevertheless taking few chances. Ahead of an event, officially dubbed a "feast of democracy," the country's 260,000 strong army has been put on alert. All 2,065 candidates for the 400 seats in the legislature have been screened and their speeches vetted. A further 100 seats in

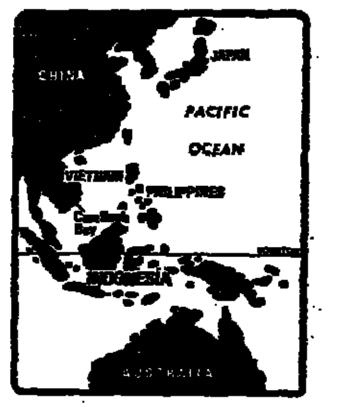
Suharto: no doubt of winner

500-man assembly are reserved for the army. In an apparent bid to avoid the violence that marred the last election in 1982, official campaigning has been cut from 45 to just 25 days.

The restrictions follow calls from senior military officials for increased public vigilance to head off possible interference with the forthcoming balloting. Liberals, Communists and the foreign press have all been subjected to an official tirade in the run-up to elections, the fourth held by President Suharto's new order regime.

The event is likely to be keenly watched by Western donor countries, who have supported the military-backed civilian government since President Suharto seized power in the wake of a Communist coup attempt in the mid-sixties.

While the election has no direct bearing on his presidency, Western diplomats feel the still unresolved question of who will succeed this 65-year-old retired army general is



cause for concern.

In theory this former plantation colony is now the world's third largest multi-party democracy, after India and the US. In practice, Indonesian politics owe more to a Javanese court tradition where public debate is less important than the search for political consensus.

"For most people voting is still an obligation, not a right," says Mr Jusuf Wanandi who heads the Centre for Strategic and International Studies, a pro-Government think tank."

For Indonesia's 165m people, 90 per cent of them Moslem, 80 per cent living in rural areas, the campaign is about pork barrel issues: roads, bridges and irrigation plans.

In Jakarta, one of only two areas not to vote with the Government in 1982, debate will be only slightly less anaemic. Here two small parties—the Moslem-based United Development Party (PPP) and the more nationalist Indonesian Democratic Party (PDI) — are expected to pick up a handful of seats.

Both parties, while ostensibly encouraged to the point where the Government has provided campaign funds, remain firmly controlled. Under a law passed in 1985 any social or political organisation has to accept the state code of ideology pancasila as its guiding principle. This seemingly anodyne code calls for belief in one god—humanitarianism, national unity, democracy by consensus and social justice.

Drawing on support from some 8m cadres, Golkar has made ground while both PPP and PDI faced bitter internal wrangles. However, some critics now call for change. "The Government promised a more open society but is still blinded by the need for stability to secure the rapid economic growth," says Mr Slamet Bratanata, a former minister and leading figure of the Petition of 50, a group of retired generals and radicals, now the most vocal critics of the regime.

In the face of falling revenues from oil, the main export, the Government has looked increasingly divided over strategy. In the eyes of many Indonesians, President Suharto's record as the father of development probably remains untarnished, but public criticisms of corruption among officials has been stepped up noticeably.

Probably more significant, almost 20 per cent of the electorate will be voting for the first time, the legacy of a baby boom in the last years of Sukarno. According to a poll by Kompas, the country's leading daily, young people consider social justice the main election issue.

Waite report 'to be taken seriously'

By Nora Boustany in Beirut

MR WALID JUMBLATT, the Druze leader indicated that a Soviet report that Mr Terry Waite, missing Anglican church envoy, was detained in the Iranian embassy and carrying large sums of money on him when he disappeared was to be taken seriously.

Tehran Radio reported, however, that Mr Waite was being held on charges of spying by the Revolutionary Justice Organisation, a group believed linked to Iran and other regional intelligence services.

In an interview with Sawt al Chaab, radio station of the Lebanese Communist Party, the Druze minister and militia leader said a report in the Soviet magazine Literaturniya Gazeta that Mr Waite had on him a "certain amount of money" was worth noting.

Mr Jumblatt's progressive Socialist Party militia was in charge of protecting the representative of the Archbishop of Canterbury when he dropped from sight.

Israeli jet strike

Israeli warplanes yesterday bombed Palestinian targets near the southern Lebanese port of Sidon for the second time in four days, hitting a guerrilla command post and a school for handicapped children, Andrew Whitley writes from Jerusalem. It was the eighth air raid Israel has carried out so far this year on Lebanon, serving notice on the Palestine Liberation Organisation and local militias not to exploit the Syrian-imposed lull in fighting in Beirut to step up hostilities in the south.

Brazil achieves little progress in talks on debt

BY ALEXANDER NICOLL IN MIAMI

BRAZIL AND its leading creditor banks have made little progress in talks on the country's debt problem in talks at the Inter-American Development Bank's annual meeting in Miami.

Mr Francisco Gros, the central bank governor, met the bank advisory committtee on Sunday and informal contacts are continuing on Brazil's request for an extension of $15bn (£9.6bn) of short-term inter-bank and trade credit lines.

Agreement by the banks to maintain the lines, which are crucial to Brazil's trade and liquidity, expires on March 31. However, the banks have been angered by a Brazilian move effectively freezing the lines *shortly* after it suspended interest payments on $68bn of medium and long term debt in February.

Brazil is expected to formally request an extension within the next few days. But it is unclear whether the advisory committee will endorse the request. Absence of a recommendation from the committee would heighten the possibility that individual banks could seek legal remedies, for example by attaching Brazilian assets, after March 31.

Bankers on the committee, chaired by Citibank, believe Brazil should undertake to make an interest payment on its medium and long terms debt as a sign of good faith.

An interest payment could reduce the damage to US bank earnings likely to be suffered if the interest halt is maintained. But bankers say the payment they want need not be specifically linked to US accounting timetables.

Mr Gros said Brazil wanted to resume interest payments as soon as possible and was willing to discuss solutions to the problems of US banks, which must classify loans as "non-performing" when an interest payment is 90 days overdue.

But he said there could be no discussion with the banks on plans for renegotiation of medium and long term debt until there had been a clear statement from Brasilia of the country's economic policy.

● A senior Brazilian debt negotiator, Mr Antonio de Padua Seixas, has offered to resign from his post as Director for External Debt Management at the central bank, Reuter reports from Sao Paulo. Mr Seixas played a leading role in negotiations with creditors over Brazil's $109bn foreign debt.

FRESH ATTEMPT TO ACHIEVE GREATER COMPETITIVENESS IN WORLD ECONOMY

New front in Reagan's fight back

BY LIONEL BARBER IN WASHINGTON

PRESIDENT REAGAN will this week revive the issue of US competitiveness in the world economy as part of his effort to stage a political comeback in the wake of the Iran arms scandal.

The competitiveness theme failed to take off last January when President Reagan gave a feeble State of the Union Address. But its potential remains to be tapped in the light of public concern about the US's bulging trade deficit.

On Thursday President Reagan will visit Columbia, Missouri – home of one of the best journalism schools in the US and, by dint of its geographical location, the epitome of middle America.

Mr Reagan is expected to enlarge on earlier proposals for new programmes in education, job training and research and development to help keep the United States the world's "no 1" economy into the 21st century. He will take part in a conference at a Columbia High School on "what works in education."

Rhetoric apart, the White House can point to a cumulative trade deficit in the 1980's of $630bn, with the *1986 deficit amounting to $170bn.*

The National Association of Manufacturers pointed out recently that whereas manufactured goods accounted for 68 per cent of US exports and 75 per cent of US imports, the US trade imbalance in manufactures accounts for 84 per cent of that deficit.

President Reagan's remarks on Thursday will be watched closely by lawmakers on Capitol Hill who are preparing a trade bill which is likely to contain measures to force the President to use his powers to retaliate against countries either dumping goods in the US market or unfairly competing.

Congressman Dan Rostenkowski, the influential chairman of the House Ways and Means Committee, *the main committee responsible* in the lower chamber for writing trade and tax laws, made clear at the weekend that he wants to draw up a trade bill which will not be vetoed by the White House.

He is currently engaged in a bitter behind-the-scenes struggle with the House speaker, Mr Jim Wright, over how protectionist the trade bill should be.

Mr Ronald Reagan

White House denies Soviet claim of missile pact delay

THE WHITE House yesterday denied a Soviet charge that the US was blocking progress on an accord to ban medium-range nuclear missiles from Europe.

Mr Marlin Fitzwater, the White House spokesman described the Soviet allegation as posturing and said the tactic was familiar.

Mr Viktor Karpov, the chief Soviet negotiator at the superpower arms talks at Geneva, said on Sunday there were more and more signs that Washington did not want an aggreement.

He charged that the so-called "zero-option" to eliminate medium-range missiles from Europe, first proposed by the US in 1981, "was a bluff from the very start."

Mr Fitzwater told reporters: "We take his comments seriously but... they are part of a pattern of public statements made by the Russians during these kinds of negotiations. This is a form of posturing that is not unique to this situation."

He said the White House remained optimistic that an agreement on Intermediate Nuclear Forces (INF) could be reached.

Another US spokesman said Mr Karpov's complaint of roadblocks in the way of an agreement was not reflected at the negotiating table in Geneva.

Meanwhile, President Ronald Reagan yesterday reaffirmed his commitment to the Strategic Defence Initiative (SDI) anti-missile defence programme, better known as "Star Wars."

Reagan said in a statement that remarkable progress had been made *towards the SDI goal* of freeing the world from the deadly threat of ballistic missiles.

He said SDI "truly serves the purpose of offensive weapons reduction" and "has been a singularly effective instrument for bringing the Soviets to the bargaining table."

The US Defence Department is studying the future course of the research programme while the State Department is re-examining the 1972 Anti-Ballistic Missilie (ABM) treaty.

The Administration says its "broad" reading of the ABM Treaty, which would allow extensive SDI testing, is legally correct although it is currently observing a traditional restrictive interpretation.

Some key members of the US Congress, former arms negotiators and others have challenged this view.

Some 60 groups, mostly private conservative lobbying organisations and think tanks, yesterday called for increased testing and early deployment of SDI. Reuter

Call on US to support Sinai force fund

A SENIOR State Department official urged Congress yesterday to provide more than ($33m) dollars for the peacekeeping force in the Sinai desert, AP reports from Washington.

"If the United States fails to pay its one-third share of the costs, Israel and Egypt will have to make up the shortfall, even though both of those countries face serious problems themselves," Mr Roscoe S. Suddarth, deputy assistant secretary of state for the Near East, said.

He called the Egypt-Israel peace treaty and the success of the Multinational Force and Observers (MFO) "the most important American diplomatic achievement in the Middle East in the past decade."

"The appearance of premature withdrawal of our support to the MFO could have a damaging effect," he said in a statement to the subcommittee on foreign operations in the Appropriations Committee of the House of Representatives.

The US provides almost 1,200 of the 2,600 troops in the force. Nine other countries supply the rest.

They are stationed along the border between Israel and Egypt from the Mediterranean to the Red Sea.

Another State Department official urged full support – $10.6m next year – for the United Nations forces keeping peace between the Greek and Turkish populations on the Mediterranean island of Cyprus.

"One important troop-contributor, Sweden, has already indicated it will withdraw from UNFICYP (United Nations peace keeping force) if the deficit is left unchecked," said Mr Gilbert D. Kulick, deputy director of the Office of Political and Multilateral Affairs.

Australia, Austria, Canada, Denmark, Finland, Ireland and Britain also contribute troops to the force. Last year there were 2,328 personnel, costing about $102.5m.

Third senior leader resigns from Contras

By Peter Ford in Managua

A THIRD senior Nicaraguan Contra leader has announced his withdrawal from the anti-Sandinista movement complaining that "personal interest" had come to dominate the rebel group.

Mr Fernando Chamorro, head of a Costa Rican-based guerrilla force, said on Sunday he was leaving the United Nicaraguan Opposition (UNO) in disagreement with the "arriviste and opportunistic clique" running the organisation.

Mr Chamorro controls an estimated 500 men seeking to establish a southern front in the Contras' war against Managua.

He had announced his resignation two months ago, in protest at what he said was the CIA's refusal to fund his forces. But Mr Alfonso Robelo, UNO leader, said at the weekend that between 1985 and 1986 he channelled $50,000 provided by Lt Col Oliver North, US National Security Council aide to Mr Chamorro.

Mr Chamorro's withdrawal further complicates recent confusion at the top of the Contra movement and comes hard on the heels of the resignations of two even more senior UNO leaders, Mr Adolfo Calero and Mr Arturo Cruz.

Inside Nicaragua, meanwhile, guerrillas from the largest Contra group, the Nicaraguan Democratic Force (FDN) are engaged in a new offensive against the Sandinistas.

An estimated 8,000 rebels have infiltrated into the country, and heavy fighting has been reported from central and southern regions of Nicaragua.

Alfonsin attacks opponents of military trials

By Tim Coone in Buenos Aires

PRESIDENT Raul Alfonsin yesterday launched a vigorous attack on the country's right wing agitators to counter a fresh wave of criticism and unrest in Argentina over the government's policies on human rights and foreign affairs.

Last week a bomb was defused outside the home of a judge of the Buenos Aires federal court. The court is involved in the trials of numerous military officers accused of human rights violations during the military regime of 1976 to 1983.

Right wing groups and serving military officers have attacked the trials and *organised demonstrations in* support of the accused. Close to 300 retired and serving officers have so far been indicted by the courts on human rights charges.

Speaking at an industrial city in the north of the country, President Alfonsin branded the perpetrators of the failed bomb attack as the "some old Nazis . . . . who here have perpetually conspired against democracy and the people."

He also attacked those in the armed forces who publicly supported those undergoing trials, and who claimed the brutal repressive methods used by the military were justified.

He said the armed forces used a "perverse methodology" in their counter-insurgency campaign and castigated "those gentlemen who proclaim themselves to be fighters against subversion but at the same time plant bombs and threaten citizens."

Puerto Rico considers tax incentives to lure Japanese

BY CANUTE JAMES, RECENTLY IN SAN JUAN, PUERTO RICO

MR RAFAEL HERNANDEZ COLON, the Governor of Puerto Rico, is working on new proposals to grant tax credits to Japanese companies investing in the island. He gave no *details* of the new *proposals, but they* involved "tax sharing" between the administration, the Japanese Government and prospective Japanese investors.

Several Japanese companies are operating in Puerto Rico, but the administration was hoping to entire more through an agreement with the Japanese government, similar to section 936 of the US tax code.

This allows tax free repatriation of earnings, encourages US companies to deposit their profits in the island, and permits the island's administration to impose limited tollgate taxes on repatriated earnings.

Mr Hernandez Colon and other government officials have played down the reasons for the failure to conclude a formal tax treaty with the Japanese, but it appears the effort was killed by the US Sstate Department.

It was construed in Washington as a loophole for further and large-scale Japanese penetration of the US market, and was also thought to be a violation of the Island's constitution. A part of the US, Puerto Rico has limited leverage in unilaterally concluding foreign political and economic agreementes without approval of the State Department in Washingtton.

Mexican loan deal heralds relaxed visit for Garcia

BY DAVID GARDNER IN MEXICO CITY

PRESIDENT ALAN GARCIA of Peru was due to arrive in Mexico City yesterday, on a state visit originally due last autumn but which the Mexican government clearly feels more relaxed about hosting now, after securing $7.6bn (£4.8bn) in new money commitments from its international bankers last Friday.

President Garcia is much admired in Mexico among trade unionists, the left wing opposition and in left wing nationalist circles of the ruling Institutional Revolutionary Party, all of whom have urged President Miguel de la Madrid's government to adopt a more radical approach *towards the country's* foreign debt, which stood at $100bn before last Friday's new finance agreement.

Mexican government officials argue that President Garcia's decision unilaterally to limit Peru's foreign debt service repayments to 10 per cent of its export revenue, has led to its being gradually starved of foreign exchange.

Mexico's strategy of squeezing the best possible repayment terms out of its creditors by contrast, has led to the release of the vital funds needed to restore sustained growth.

These differences aside, the Peruvian and Mexican leaders are expected to reaffirm their strong commitment to the efforts of the Contadora group to seek a negotiated peace settlement in Central America.

Japan steps up appeal against US trade curbs

BY CARLA RAPOPORT IN TOKYO

TRADE tensions between the US and Japan over semiconductors appeared to be near breaking point yesterday as government officials in Tokyo accelerated their appeals to the US to refrain from imposing trade sanctions.

Mr Hajime Tamura, Japanese Minister International Trade and Industry (Miti), yesterday released a letter to George Shultz, US Secretary of State, and other top US leaders appealing to the US to evaluate semiconductor trade in a "fair and objective" manner.

The letter represents the third initiative taken by the Japanese in less than a week to cool trade tensions between the two countries.

At the same time, the Japanese yesterday opened the possibility of retailiatory action against the US if trade sanctions are imposed over the chips issue.

Last Thursday, the US Senate unanimously passed a resolution calling for action against the Japanese for violations of the US-Japan semiconductor pact signed last September. The pact was aimed at stopping Japanese companies from dumping chips abroad and boosting the market share of foreign chip-makers in Japan.

President Ronald Reagan's trade policy advisory group will meet later this week to discuss the issue of proposed sanctions against Japan.

"If US action is taken, we will have to react," warned Mr Masaji Yamatomo, a Miti deputy director-general yesterday.

"But we are trying our best to prevent a situation where the US acts and we react," he said.

In their latest written appeal to the US, the Japanese have offered to conduct a joint US-Japan investigation in third country markets in order to determine the facts. US chip makers have claimed the Japanese are circumventing the chip pact by dumping chips in south-east Asian countries for re-export to the US.

Miti officials also confirmed yesterday that the Japanese chip industry had been asked to cut its production back by a further 11 per cent in the second quarter of this year, compared with the fist quarter.

Miti had earlier asked chip manufacturers to shave production in the first quarter by an average of 10 per cent.

The cuts are aimed at raising chip prices in Japan and thereby reducing the attraction of selling chips cheaply in third country markets.

Mr Clayton Yeutter, the US trade representative, warned yesterday that the US is on the brink of a trade war with Japan, Dai Hayward reports from Wellington.

Speaking at a conference of trade ministers, set up to review progress by committees established after last September's Uruguay meeting, launched a new round of the General Agreement on Tariffs and Trade, Mr Yeutter's speech was the first expression of US anger at Japan to be made in an international forum.

Washington's irritation ranges from the row over the dumping of semiconductors, Japanese unwillingness for public bodies to buy US super computers, and barriers to US companies seeking to participate in the $8bn Kansai airport project.

In Washington Mr Malcolm Baldrige, the US Commerce Secretary, said the "difficulty we're having with Japan on trade right now" is one of the main factors pushing Congress toward approving protectionist legislation.

Nigeria starts talks with ECGD over debt terms

BY MICHAEL HOLMAN, AFRICA EDITOR

SENIOR NIGERIAN officials led by Dr Chu Okongwu, the Minister of Finance, yesterday began two days of talks with Britain's Export Credit Guarantee Department (ECGD) to negotiate terms for the repayment of debt which was rescheduled last December.

The December agreement, under the auspices of the Paris Club, provided for rescheduling of official medium- and long-term loans, and short-term trade arrears with official creditors or insured by the export credit agencies. But the rate of interest was to be determined bilaterally between the Nigerian government and the 19 creditor governments.

The ECGD meeting, which will be followed by similar talks with Coface, the French export credit agency later this week, are the first of such bilateral negotiations.

Official debt recheduled by the Paris Club is put at some $7.5bn, of which Britain's share is about a third.

Last December Dr Okongwu told the Paris Club that approved short-term claims on insured arrears came to $424m, while further claims stood at $1.8bn. The ECGD share is thought to be between $600m and $700m.

In addition to insured trade arrears, several billion dollars of uninsured arrears are outstanding, and although this is not a direct responsibility of ECGD, British officials are expected to take the opportunity to stress growing concern about continuing delays in payments.

Nigeria has so far issued nearly $1.5bn of promissory notes in respect of the uninsured trade debt, but there remains a wide divergence between the total Nigeria seems willing to recognise as legitimate, and the claims submitted.

It is understood that the Nigerian authorities are preparing to issue further promissory notes worth about $1.5bn, but claims of at least $3bn are thought to remain outstanding.

The matter has been further complicated by Nigeria's inability to meet the terms of the notes already issued. Last October the government announced that it would be unable to make the first repayment of principal, due in 14 equal instalments, and said it planned to meet noteholders to discuss the rescheduling of the notes.

Last January the government missed an interest payment due on the notes, and a further interest payment is due early next month.

Syria in crash plan to upgrade power network

BY ANDREW GOWERS, RECENTLY IN DAMASCUS

THE Syrian Government — undeterred by serious financial problems—is attempting to mount a crash programme to upgrade its network of power stations, output from which is falling increasingly short of demand.

Power cuts of up to five hours a day are routine in Damascus and some other big cities, and electricity shortages have exacerbated the difficulties of Syrian industry.

The Syrian Ministry of Electricity recently inaugurated two projects to increase the country's generating capacity—one involving the doubling of output at the 340 MW Banias thermal plant on Syria's Mediterranean coast, the other for the installation of a 150 MW gas turbine plant at Suweidiya in the north east of the country.

Both contracts were awarded to Japanese companies — the first to Mitsubishi and the second to C. Itoh. Both were facilitated by the provision of Japanese government loans, understood to total the yen equivalent of $260m.

In its 1987 budget, published last week, the Government indicated the priority it is giving the sector by allocating nearly half of its planned capital investment to power and water projects.

And it has opened a tender for a new petroleum coke power station—using a byproduct from Syria's Homs oil refinery —at Latakia, also on the coast. The project, which is estimated to cost between $350m and $400m, is believed to have attracted the interest of West German and Japanese companies among others—although the company eventually awarded the contract will have to find its own Government finance if it is to have any chance of proceeding.

Syria is suffering from a drastic hard currency shortage, and most Western export credit agencies took the country "off cover" long ago.

Other power projects under way include the extension of a thermal power station at Mehardeh, started by BBC Brown Boverie of West Germany in late 1985 and financed by a consortium of Arab financial institutions and the European Investment Bank. There are reports, however, that Syria may have run into trouble in servicing the loan package involved.

There are several reasons for the current power shortage.

One explanation is that Soviet-installed turbines in Syria's Assad Dam on the River Euphrates, which used to provide about half the country's electricity needs, are running at a low proportion of capacity. Water levels have fallen since Turkey constructed its own dams further upstream.

Secondly, demand for power has undoubtedly increased as Syria has proceeded with an ambitious rural electrification plan. The Government also subsidises electricity prices, which has encouraged wasteful consumption.

Peter Montagnon assesses efforts to achieve an open internal market

EEC moves put Efta on its mettle

THE European Community's efforts to work towards an open internal market by 1992 have ruffled feathers in the European Free Trade Association (Efta), the continent's other trading bloc which also happens to be its largest trading partner.

Efta is worried that the creation of an internal market by the EEC could leave it out in the cold. Barriers to trade might have come down within the Community itself, but sometimes at the expense of greater obstacles for those wishing to do business from outside.

For the six countries of Efta — Austria, Finland, Iceland, Norway, Sweden and Switzerland — this is a matter of more than just passing academic concern, Collectively they make up the largest single trading partner of the EEC, but in many cases the EEC is a more important trading partner for individual Efta countries than the other members of their own association.

Trade between Efta and the EEC last year amounted to some $150bn, whereas trade between the EEC and the US was $132bn. Among individual Efta countries Switzerland sends nearly three quarters of its exports to the EEC, but only 8 per cent to other Efta members.

The volume of trade between the two blocs has been able to flourish not least because, where industrial goods are concerned, it is free of tariff and quantitative restrictions. That means, for example, that a Swedish company and a West German company wishing to export to France are more or less on the same footing.

All that would change, however, if the internal market came to pass. Administrative and fiscal harmonisation within the EEC would give the German company an advantage over its Swedish competitor. Efta countries could find themselves handicapped unless they could change their own regulations in tandem with the EEC's internal market.

According to Mr Per Kleppe, its Norwegian Secretary General, Efta wants to try to engineer the same changes as the EEC to create an even bigger European market. In a small way, that process is paying off. At a ministerial meeting scheduled for May in Interlaken, Efta countries are due to adopt the EEC's Single Administrative Document which will simplify customs formalities from January next year.

Also under negotiation is an extension of the existing EEC transit agreement with Switzerland and Austria to include Efta's Nordic members as well.

Yet progress is inevitably slow. Not only does it involve lengthy negotiation on trade harmonisation but new factors are coming into play. Efta countries are worried about trade in services, public procurement policy, intellectual property rights and capital movements—all of which are to be harmonised in the internal market.

"The risk," says an Efta diplomat based in Brussels, "is that you could have some split in the European market, reinforcing the predominance of Japan."

Perhaps more important still, Efta countries are concerned that they may be put at a technological disadvantage through the EEC's programmes for scientific research and development.

For their part EEC officials say that Efta's fears are more imagined than real. In December the EEC Foreign Affairs Council reaffirmed its desire to consolidate co-operation with Efta—and also underlined its readiness in principle to include Efta enterprises and organisations in scientific research.

But that still leaves a nagging anxiety. The problem for Efta is that the EEC insists on setting the rules. "They want parallel action, which for some means that the EEC adapts to Efta," says one senior Commission official. "But after the EEC has overcome its own internal fights, we won't renegotiate everything with Efta."

One answer, he continued, would be for Efta countries to join the EEC if they want to set the agenda. Already, he said, the nature of the political debate on membership was changing, especially in Norway and to a lesser extent in Switzerland and Austria.

If that is so, it is changing only slowly. The official line from neutral Switzerland is that it does not wish to join the EEC. According to Mr Kleppe, the latest Norwegian opinion poll showed only 18 per cent of the population were in favour of joining while 42 per cent were against and 42 held no opinion.

"I personally think we can overcome the difficulties simply by pushing Efta countries in the same developments that are now taking place in the EEC," he said.

But Mr Carlo Jagmetti, outgoing Swiss Ambassador to the EEC, warns: "We have to remember that we are just at the beginning of a process which could take years to complete. Both for the Community and for Efta, it will not be easy to reach a common stand and to live up to our good political intentions."

Britain complains again about Korean patent law

BY MAGGIE FORD IN SEOUL

BRITAIN yesterday complained to the South Korean Government for the second time this month about the preferential treatment given to US companies by the country's new patent and copyright laws.

Mr Timothy Renton, Minister of State at the Foreign Office, told his South Korean counterpart that trade between the two countries was being hampered by bilateral agreements Seoul had reached with the US. The agreements particularly affect pharmaceutical companies, book publishers and software producers.

Earlier this month Mr Geoffrey Pattie, Minister for Information and Technology, leading a delegation involved in defence related and information technology equipment, also said European companies were concerned that the joint desire for increased trade would be frustrated by the inequalities of the law.

Last year South Korea passed new laws protecting trademarks, copyright and patents, most of which are due to come into force from July 1 this year. At the same time, however, it reached a bilateral agreement with the US giving retroactive protection stretching back to 1980.

Pharmaceutical companies, which require long periods before a drug is fully tested, are particularly concerned that the agreement will give US companies an unfair start. Both Japan and the European community have complained to South Korea that the bilateral agreement flouts the rules of the General Agreement on Tariffs and Trade.

● South Korea registered a 26 per cent rise in exports in February, compared with the same month last year, the Bank of Korea reported.

Norway probes computer sale to Soviet Union

NORWAY HAS launched a full investigation into US allegations that a state-owned arms producer sold technology to the Soviet Union in violation of Nato export restrictions, government officials said yesterday, Reuter reports from Oslo.

"We are taking the investigation very seriously because the allegations are so serious," Mr Johan Joergen Holst, Norway's Defence Minister told Norwegian television.

The US said Kongsberg Vaapenfabrikk's sale of a sophisticated computer system to the Soviets may be included on a list of sensitive technology that could be used militarily against Nato.

Norway, a Nato member, must follow export restrictions to Eastern Bloc nations outlined by the alliance's Co-ordinating committee on multilateral export controls (Cocom).

Military experts fear the computer system, sold together with advanced metal lathes made by the Toshiba company of Japan, could be used to improve submarine propellers by reducing the noise they make as they cut through the water.

The noise, known as a submarine's signature, is essential to detecting Soviet submarines and tracking their movements. A near-silent propeller would seriously weaken Nato's anti-submarine defence capabilities, they said.

The Kongsberg-Toshiba package was sold to Moscow on the assumption it would be used to manufacture precision parts for high-speed digging and drilling equipment. Kongsberg management said the sale did not violate Cocom regulations and that it was cleared by the Ministry of Trade, which approves all Norwegian export licences.

Caterpillar tries to evict Scottish sit-in workers

BY JAMES BUXTON, SCOTTISH CORRESPONDENT

CATERPILLAR, the US plant and equipment maker, yesterday decided to shut down its tractor plant at Uddingston near Glasgow on May 11 and make all 800 hourly-paid workers redundant on that date. Its move came immediately after workers occupying the plant voted by a narrow majority to continue the sit-in which began nine weeks ago.

The Court of Session in Edinburgh will tomorrow hear an application by Caterpillar for a court order evicting the workers from the plant. Lawyers representing the workforce say they will vigourously contest the application.

The occupation of the plant began in January when Caterpillar announced that it intended to close it within a year. Less than four months earlier it had announced a £62m investment programme for the facility.

Caterpillar took newspaper advertisements to give a warning to the occupying workforce that if they did not end their sit-in the company would bring forward the date for the shutting down of the plant and abandon plans for a phased rundown. That would have entailed no compulsory redundancies before July and would have meant enhanced redundancy payments.

There were angry scenes at the meeting of the 800 workers occupying the plant, which employs 1,200 people. Some workers urged acceptance of the company's terms, and there were calls for a secret ballot.

The men voted by 418 votes to 352 – a majority of 66 – to continue the occupation in a headcount supervised by two church ministers. Later, sheriff's officers delivered eviction notices addressed to each employee, but they were left unopened.

Last night, members of the occupying workforce said they were not disheartened by the small size of the majority in favour of continuing the occupation. They still hope that Caterpillar can be persuaded to change its mind on the closure or, alternatively, allow it to stay in operation under different ownership making spare parts for Caterpillar machines on an agency basis.

But the company has repeatedly rejected both suggestions and wants to shut the facility and remove its equipment, selling only the building.

Caterpillar's position was criticised last night by Mr Ian Lang, the Scottish Industry Minister, who said he very much regretted that "this position has been reached." He said: "No constructive dialogue has proved possible" between the Government and the company, and that Caterpillar had "shown no willingness to explore possibilities for retaining commercially viable operations" at the plant.

The Government would do all it could to help create employment opportunities at the plant. He said he had already made it clear that the continued occupation of the factory was not helping efforts to find possible new owners for it.

One man leaving the mass meeting, Mr Owen Herron, a machine operator, claimed there had been "intimidation" and said there should have been a secret ballot.

"The way it was counted was ridiculous. Why didn't they have a secret ballot? It was intimidation. There were men that were afraid to come to the other side." Other workers echoed his views as they left the meeting.

But Mr John Brannan, the plant's convenor, said: "There was no intimidation. There is no need for a secret ballot. Everyone at the meeting actually voted." Mr Brannan added: "We are overwhelmed and delighted that the majority of members have decided to continue with the campaign.

Accountants' merger creates firm with fee income over £60m

BY ANDREW TAYLOR

BINDER HAMLYN and Dearden Farrow, the UK accountancy firms have agreed to merge. The firms have a combined annual fee income of more than £60m which, they say, will make it the ninth or tenth largest firm, in Britain.

Last September, Peat Marwick Mitchell, the British-based accountants and the Dutch-based Kleinvield Main Goerdler announced they were to merge, creating the world's biggest accounting and management consultancy organisation with a combined global fee income of approaching $3bn.

Two years ago, an attempt to merge Price Waterhouse and Deloittes Haskins & sells, to create what would then have been the world's largest accounting firm, failed after partners failed to secure the necessary support.

Mr John Norton, national managing partner of Binder Hamlyn, says he expects further mergers involving British accountants, including further moves by Binder itself.

He said: "This merger is just one step in a planned progressive strategy on the part of both firms. We aim to be a growing force in the fast-developing accountancy profession in the next decade and beyond."

The merger would still leave the two firms – the Binder name and management will stay in place – behind the so-called Big Eight international accountancy firms which dominate the UK and world league tables in terms of fee income.

Many medium and small accountancy firms have been concerned lest the gap between them and the Big Eight widens as corporate and private clients demand a greater and more sophisticated range of financial services.

Mr Norton said that the combined fee income would create additional resources for investment in new technology, training and development. The expanded client list and the addition of new partners with wider experience in different markets would assist marketing.

Mr David Tallon, senior partner of Dearden Farrow, said the firm had first approached Binder Hamlyn to discuss the possibility of a merger last November.

He said that Binder, which is a member of Binder Dijket Otte, a worldwide accounting organisation with representatives in 50 countries, had much wider experience of international markets. It also had a more professional management structure.

Under the terms of the merger 70 of Dearden's 108 partners will become partner's of Binder Hamlyn.

Tebbit says Alliance advance could put Kinnock in power

BY MICHAEL CASSELL, POLITICAL CORRESPONDENT

MR NORMAN TEBBIT, the Conservative Party chairman, yesterday stepped up the Government's attack on the Social Democratic Party (SDP) Liberal Alliance, acknowledging that a continued improvement in its national popularity could deprive the Tories of a third term and put Mr Neil Kinnock, the Labour leader, into Number 10 Downing Street.

Mr Tebbit's warning represented the latest attempt by the Government to link together the opposition parties and to warn wavering Tory voters that support for the Alliance could enable the formation of a Labour government.

The party chairman took the warning a step further by claiming that any post-election coalition formed between Labour and the Alliance would lead to the implementation of socialist policies and to a reversal of the economic and social gains recorded over the last eight years.

Mr Norman Tebbit: stepped up attack

He said: "If the Alliance was to be successful at the polls they would put Mr Kinnock into Number 10. We will be fighting Labour, Liberal, SDP and Alliance socialists. Our concern is the defeat of socialism."

Conservative Central Office strategy is causing concern within sections of the party and among some MPs because of fears that a full-frontal attack designed to paint the Alliance in socialist colours could prove counter-productive and might also serve to support claims that it is about to supersede Labour as the principal challenger to the Government.

Mr Tebbit's attack came on the day the Alliance launched its campaign for the local government elections in May. It will be contesting 12,000 seats on district councils and is confident of achieving major gains around the country. The Alliance performance will also be anxiously watched by Mrs Margaret Thatcher, the Prime Minister, who will wait until after May 7 before making any decision about an early general election.

Mr Des Wilson, president of the Liberals, speaking before Mr Tebbit's latest remarks, said the Tory decision to switch its attention to the Alliance provided confirmation of the fear which its advance was now engendering within the Government.

It was "a sad reflection" that, after eight years in power, the Tories could not campaign on positive achievements and had to resort to heaping abuse on their opponents.

At a press conference called to mark the 10th anniversary of the formation of the "Lib-Lab pact", Mr Tebbit accused the Liberals of keeping in power the Callaghan government which, he said, would otherwise have collapsed in 1977.

The pact, he claimed, had presided over cuts in the hospital building programme, in defence, education and in teachers' pay.

Mr Tebbit acknowledged that the Liberals had withdrawn their support before the 1978-79 'winter of discontent', but in a reference to their present Alliance colleagues, he said "the other half of the pantomine horse" – Dr David Owen, Mr Bill Rogers and Mrs Shirley Williams – had continued to participate in a government which had brought grief and bitterness instead of harmony.

He claimed that any new pact could only be to shore up a Labour rather than a Conservative government, as the Alliance was pro-socialist and "not a middle-of-the-road or even-handed party".

Joint strategy urged for overseas orders

BY ANDREW TAYLOR

THE LACK of a co-ordinated strategy for construction companies, banks, nationalised industries and government departments is preventing Britain from winning a greater share of overseas construction orders, according to a report by the National Economic Development Office (Nedo).

The report, Overseas Construction, the UK and its Competitors, says Britain needs to match the more flexible and integrated approach of competitors like Japan, the US, West Germany and France if it wants to improve its performance.

The paper, which recommends the development of a unified strategy for the construction industry, has been circulated to members of the civil engineering development committee.

Areas which could be improved, says the paper, included: better targeting of government aid to developing countries; closer co-operation between nationalised industries and between different parts of the construction industry; and a more flexible approach by government and banks towards financing arrangements.

It says British contractors have maintained their share of a diminished world construction order book but have not always been able to exploit their good technical capacity and the good relationship Britain has traditionally enjoyed with many overseas countries.

It says that overseas competitors like France use bilateral aid more effectively to assist their national industries win work. Britain had a much lower aid budget than most of its overseas competitors. It also provided a much lower proportion bilateral aid.

"The ratio of bilateral aid to multinational aid is in the order of 6:1 for France but only 1:1 for the UK. The Japanese bilateral aid budget, as well as serving development purposes, is strongly motivated by commercial objectives," say Nedo officials.

The report says the integrated approach of governments, industrial companies, state industries and financial institutions in some overseas countries gave them an advantage compared with the UK where the economic and corporate structure was more fragmented.

The diverse industrial and banking strengths of the powerful Japanese trading houses for example provided a strong corporate base from which to pursue projects.

The close relationship between the French Government and banking, insurance, industrial and construction companies and nationalised industries meant that it was easier to develop long-term strategies and respond to market opportunities.

Mercury and BT plan business phone system

BY TERRY DODSWORTH, INDUSTRIAL EDITOR

BRITISH TELECOM and Mercury, the two UK telecommunications companies, are planning to introduce a new type of telephone exchange that will compete directly with private switching equipment within the next few months.

The new service, known as centrex, is aimed at providing corporate clients with all the facilities normally available on private telephone exchanges (PBXs). It is seen widely as offering a considerable competitive challenge to the PBX manufacturers, which have been pressing the Oftel regulatory agency to set up strict rules for the launch of the system.

The main new element in centrex, which is heavily used already in the US, is that it allows switching equipment for corporate clients to be located in the public telephone system rather than individual offices. It thus removes responsibility for installation and maintenance of the PBX from the customer.

Both companies said yesterday that corporate clients were showing great interest in the proposed service. Mercury, which is using equipment bought from Northern Telecom of Canada, said it was almost ready to start operating, while British Telecom is planning the launch of its system in August.

Professor Bryan Carsberg, director-general of Oftel, yesterday called for comments from the industry to help it formulate a policy on the introduction of centrex. His intervention, in the form of a consultative document, follows pressure from PBX manufacturers, who want clarification on the pricing and costs of centrex.

UK NEWS

Cambridge pioneers open up territory in schools software

Peter Marsh examines a new computer venture which aims at a market worth many tens of millions of pounds

"IT GREW out of the Acorn experience. There was an opportunity to do something properly that everyone agrees should be done."

This is how Mr Chris Curry, joint founder of Acorn, the once high-flying Cambridge computer company, describes the motivation behind his latest venture, a new company called European Educational Software (E2S).

Mr Curry, together with four experienced computer engineers, all with strong connections with Cambridge, have obtained promises of £2m from venture-capital concerns to start up the company and, so they hope, shift the world of educational computing into a new gear.

E2S will aim to sell software products to schools, colleges and universities throughout Europe. The company aims to work in collaboration with teachers and educational experts, who will provide some of the programs, and with marketing outlets such as publishers of school textbooks.

The market for educational software has hitherto been fragmented, with most such programs written by teachers for use only in their own schools.

Mr Curry discovered the deficiencies in the supply of educational software during his rise to fame while at Acorn. The company, which he founded in 1978 with Dr Hermann Hauser, achieved 1984 sales of £93m, much of the success being due to Acorn's BBC Micro computer, which became almost a standard piece of equipment in many British schools.

Mr Curry's fall came in 1985 when, because of a sudden slump in sales, Acorn had to be rescued twice within a few months by Olivetti of Italy. Olivetti paid £14m for a 79 per cent stake in the company, and both the founders were pushed out of their top management roles.

While Dr Hauser stayed on within the Olivetti hierarchy – where he is now vice president in charge of research – Mr Curry plunged back into the wilderness of starting another new company.

The ex-boss of Acorn found to help him some kindred spirits, all of whom have learnt about the computing and electronics industries by living in the rarified high-tech atmosphere of Cambridge. The city, which is home to about 400 small, science-based companies, most of which have started in the past decade, is Europe's leading centre for high-technology entrepreneurs.

Like Mr Curry, two of the other E2S founders reached prominence by starting their own companies, both of which were later bought by big US concerns.

Mr Tom Sancha, an ex-manager at the Computer-Aided Design (CAD) Centre in Cambridge, was co-founder in 1977 of Cambridge Interactive Systems, a CAD concern specialising in software for the car and engineering industries. Growth was so rapid that in 1983 the US's Computervision, a world leader in CAD, bought the company for $35m.

Mr Ed Hoskins, the third E2S director, is a former architect who set up in 1969 Applied Research of Cambridge, a company specialising in draughting systems for the building industry. Having grown to annual sales of £9m and a staff of 100, the company was bought for $12m two years ago by McDonnell Douglas, another US industrial giant.

In both cases, the deals gave the two men an unexpected source of personal wealth, together with an appetite for getting involved with new and exciting businesses.

Besides putting their own energies behind the educational project, both Mr Sancha and Mr Hoskins have invested some of their cash. While Mr Sancha continues to live in Cambridge, Mr Hoskins spends most of his time in France – from which he will co-ordinate E2S's European marketing strategy.

The other two founders are Mr Hugo Davenport, former engineering director at Sinclair Research, and Mr David Johnson-Davies, former managing director of Acornsoft, Acorn's software subsidiary.

Mr Davenport worked for Sir Clive Sinclair's computer company for 16 months before the concern's computer interests were purchased last year by Amstrad, one of Sinclair's leading UK rivals. Before that he was engineering manager at Solartron, an instruments subsidiary of Schlumberger.

Mr Davenport's main job at E2S has been to design the software tools with which other specialists will create new programs for specific applications, anything from software for history studies to a word processing package that could be used in a variety of lessons.

The software will use advanced programming techniques to "emulate" the hardware characteristics of almost any machine in common use. As a result it will be able to run on most types of microcomputers, of which the machines in widest use in European schools include those made by IBM, Commodore and Apple of the US, Thomson and Bull of France, Siemens of West Germany, Italy's Olivetti, and Acorn, Amstrad, Apricot and Research Machines of Britain.

Under E2S strategy, the software products, sales of which are due to start next year, will be tailored for particular parts of Europe with the help of people with a specific knowledge of education in these countries.

Mr Curry believes this strategy will be welcomed by many in schools and universities, who up to now have largely struggled to provide their own software with little help from outside organisations.

This view won some support yesterday from people involved in educational computing. Mr Gordon Curran, director of Paris-based Intelligent Electronics, a consultancy, said that most programs in schools and colleges were "botched up." He said that E2S sounded a "great idea" although he gave a warning that the venture would need a substantial amount of European involvement for it to succeed outside Britain.

There are no reliable statistics for the market for educational software in Europe, mainly because most such software is produced within schools rather than being purchased from companies. Software concerns which specialise in education are usually small.

Most observers feel, however, that the market E2S is aiming at is worth a few tens of millions of pounds immediately and could ultimately be developed to reach many times this figure. "If we succeed at all," says Mr Curry, "the rewards will be enormous."

London bank start-up costs rise steadily

BY DAVID LASCELLES, BANKING EDITOR

THE COST to a foreign bank of opening a medium-sized branch in London now exceeds £2.5m, and annual running costs are £1.5m. These figures are contained in the latest annual review of banking costs by Noel Alexander, the financial consultancy firm.

The review highlights the trend of steadily rising costs in the City of London, where the Big Bang deregulation and other pressures have sharply increased demand for people and premises. Last year, the similar figures were £2.3m and £1.5m, respectively.

The main element of the opening cost is the expense of setting up a representative office for a year – a necessary pre-requisite to obtaining a banking licence. This runs to about £750,000. Other major costs include permanent accommodation for the chief executive and his deputy (£720,000), and refurbishing the property (£225,000).

The survey also provides costings for smaller banking operations. The cost of opening a small to medium-sized branch is £1.7m, with annual running costs of just under £1m. A small branch costs £1.4m to open.

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UK NEWS

Raymond Snoddy outlines the new director-general's radical vision

BBC poised to break with past

WHEN Michael Checkland, the new director-general of the BBC, outlined his plan for the future of the corporation to senior management and unions last week, he introduced himself as "chief executive of a modern £1,000m company."

The choice of words was deliberate and marked a sharp break with the past for a corporation given to emphasising its past glories and its public service foundations.

It was time for the BBC, like other companies and organisations in Britain, to adapt to change and growing competition from cable and satellite television and to do it "with enthusiasm and not with regret for the passing of our imperial role", the director general said.

The most dramatic example so far of a process of radical change now under way in the management and role of the BBC is the appointment of Mr John Birt, director of programmes at London Weekend Television. Mr Birt, 42, will be leaving LWT, one of the big five ITV commercial companies, to be deputy director-general in charge of news and current affairs at the BBC.

The primary reason why Mr Checkland persuaded the BBC Governors that he should succeed Mr Alasdair Milne was that he had a coherent plan for the future of the corporation and that it could be achieved within the constraints of a licence fee linked to the retail price index (RPI) – 2 per cent a year less than the rise in broadcasting costs.

As a result of the new openness which Mr Checkland has promised to bring to the affairs of the BBC, the outlines of the plan are clearly visable less than a month after he took on the most influential job in British broadcasting.

They include :

● Much greater devolution of management within the BBC to liberate more money for programme-making although this will be accompanied by a strong centre "prepared to set and maintain standards, devise strategy and allocate resources."

● Making department heads responsible and accountable for all but the most major decisions in place of the hallowed BBC tradition of referring tricky decisions ever upwards in the organisation.

The referral system, Mr Checkland says, apart from obvious failures in the past," may be a substitute for saying 'no' oneself."

Two years ago at a Royal Television Society Conference, BBC and ITN executives took part in a hypothetical excercise based on coverage of a terrorist action. As the moral and operational issues got more and more coplex, the BBC executives spent more and more time referring issues up the management structure. In complete contrast, Mr David Nicholas, editor of Independent Television News took decisions quickly and without the need to refer to anyone.

● New mobility of management with the clear implication that the BBC will no longer mean jobs for life. Mr Checkland himself, and both Mr Birt and the newly appointed director of engineering, Mr Bill Dennay, are all on five-year contracts.

Mr Michael Checkland: 'chief executive of £1bn company'

"I hope that will make clear that we do see more mobility amongst senior management. There has to be upward movement, and we wish to see a management development programme to encourage that," says the new director general.

● The BBC hopes to identify ways within the next six months of saving £30m a year. The financial pressure on the corporation is real but not immediate. The sale of the Langham building near Broadcasting House, which had been earmarked for a new BBC headquarters, put £26m into the BBC's coffers. The number of television licences bought is at a record 19m as the Post Office has become more effective in tackling evasion.

If nothing is done by March 1991, the reserve will have run out and there will be an annual shortfall of £30m.

"This isn't crippling, it is broadly the same as achieving a 1 per cent per annum increase in productivity in a very, very large company," Mr Checkland said.

Indexation to the RPI from next April will impose considerable pressure on the BBC to cut costs. Apart from the £30m a year, at least £20m a year will have to be found by 1990 to commission programmes from independent producers towards meeting a government commitment on opening up the airwaves to independents.

● Find more money to strengthen news and current affairs programming. "This is a central priority of the BBC over the next five years. It is a core activity which we must nourish," Mr Checkland said.

Newsnight camera crews have increasingly been unable to cover important foreign stories because the resources have not been available.

● Setting total budgets for radio and television for the BBC regions, including the recently set up English regions. Heads of broadcasting in each of the regions will then have to set their television and radio priorities in the light of the resources they have available.

That would inevitably mean a review of whether the BBC should ever open the further eight local radio stations planned in England.

As Mr Checkland said at the end of a week of briefing staff and the press on the future of corporation: "There is much to be done and there is, I believe, much enthusiasm for it to be done."

More companies back city colleges

BY PETER RIDDELL, POLITICAL EDITOR

Five more industrial sponsors for the Government's new city technology colleges have now been lined up, although opposition from Labour-controlled local authorities is making it difficult to find suitable sites.

Mr Kenneth Baker, the Education Secretary, told a meeting of the Conservative Central Council in Torquay that, after the designation of the first such college in Solihull, in the West Midlands, others "are in the pipeline." He would be announcing more names in the months ahead.

The semi-independent colleges are intended to cater for 11 to 18-year-olds with aptitude for technology, design and science. They form part of the Government's attempt to weaken the control of local education authorities.

The aim is to have 20 such colleges under way by 1990 with private sponsors and companies providing capital of £1m to set up trusts to manage the institutions, with running costs provided by central government.

Mr Baker has five more industrial sponsors lined up for colleges, including one in London. This follows the decision of Hanson Trust and Lucas Industries to back one at Solihull. Davy Corporation last week announced its willingness to support a second.

However, despite discussions with the Department of Education and Science, IBM UK, the British offshoot of the world's largest computer group, has decided not to sponsor such a college.

Mr Baker claims that the problem is not finding sponsors but finding suitable sites. The Solihull site only became available because the local council is conservative-controlled. In most other urban sites the councils are Labour-controlled and opposed to the colleges.

The Government is considering the use of alternative accommodation including church-owned property which has planning permission for educational uses. New development would, however, take time.

The formation of the colleges is opposed by local authority associations and teachers' unions as being socially and educationally divisive.

The colleges are part of a major series of educational reforms now being planned, including the establishment of a common curriculum in schools up to the age of 16, an end to early specialisation and publicly available measures of attainment.

Mr Baker pledged on Saturday that a major measure of educational reform to improve the quality of education at all levels would be included in the first session of the next parliament.

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Comsat offering satellites 'at dumped prices'

BY RAYMOND SNODDY

BRITISH AEROSPACE (BAe) has asked the Government to intervene in the awarding of the satellite contract for the British direct broadcasting by satellite (DBS) project on the grounds that one of the short-listed candidates would be "dumping" satellites on the UK market.

BAe has raised the issue at ministerial level at the Department of Trade and Industry. It is complaining that Comsat, the US satellite communications organisation, is offering two satellites to British Satellite Broadcasting (BSB), holders of the UK DBS franchise, at far below the true manufacturing cost.

Comsat planned to launch a DBS service in the US, but pulled out at the last minute and is now offering two virtually complete DBS satellites, which would need modification, for around $75m.

Comsat, BAe and Hughes Aerospace will make their final presentations to BSB this week and a contract decision is expected to be taken by the end of next month.

BAe claims that it can make an internationally competitive offer for manufactured satellites, but concedes that it could not match the price of what it regards as "dumped" Comsat technology.

Apart from raising the issue of jobs in the British aerospace industry, BAe will also try to convince BSB that it can offer the most reliable long-term, if not the cheapest solution.

One of the attractions of a Comsat deal to BSB is that it might allow DBS to get under way in 1989 instead of 1990 and thereby counter competition from Astra, the 16 channel Luxembourg satellite due to be launched next summer.

BAe claims that the year's advantage could prove illusory if neither the launch vehicles or the receiving equipment is ready in time.

BSB plans to offer four new channels of national television broadcast from satellite to individual domestic dish aerials, a service funded by a mixture of subscription and advertising.

Meanwhile, confidential figures sent out by BSB to 40 potential investors in the £600m project suggest that cumulative losses of more than £300m could lead to final annual profits of £1.4bn at the end of the 15-year franchise.

BSB says that the figures, which are meant to be illustrative rather than financial forecasts, suggest an internal rate of return for the project of 32 per cent. For the five founder shareholders who have put up the first £80m, the return would be 53 per cent, and for the other first round investors expected to agree to commit to £120m by the end of April it would be 47 per cent.

The BSB "base case" envisages losses of £333m after tax by September 1993, but after that growing profits – £117m in 1994 and £265m the following year.

Hambros links up with merger specialists

FINANCIAL TIMES REPORTER

HAMBROS BANK and Holtug-Audon and Associates (HAA), a leading firm of Danish specialists on mergers and acquisitions, yesterday signed a co-operation agreement.

As a result, a client of Hambros wishing to undertake a merger or make an acquisition in Denmark will be given negotiating help by HAA and vice versa. Hambros' European mergers and acquisitions team will be available to assist HAA clients which want to make acquisitions in other European markets.

Mr Charles Hambro, the bank's chairman, said that HAA would be an active and effective associate. Mr Benth Holtug, a partner in HAA, said: "With the increasing cross-border aspect of acquisitions and divestment it is a must for us to become truly international."

Heraldic look for Canary Wharf

By Joan Gray

THE Canary Wharf Development Company has announced details of the image it plans to present for its £3bn scheme to give London's Docklands the highest office towers between New York and Hong Kong.

The developers are not yet able to announce the first commercial tenant for their planned 1.2m square metre scheme – although Mr Scott Lowry, the director, is "quietly confident" that they will be able to reveal takers for 185,000 square metres within the next three to six months.

Nor has the company yet signed the master building agreement with the London Docklands Development Corporation, which will give the final go-ahead to start work on the buildings themselves. However, Mr Lowry is now confident that this will be signed by the middle of April, and that work will start on the first building in June.

Meanwhile, the developers can announce details of the corporate image prepared for them by the Hollywood-based graphic designer Ms Deborah Sussman of Sussman Prejza.

Ms Sussman – who has also acted as design consultant to the 1984 Los Angeles Olympic Games and to the Rolling Stones for their outdoor concerts – has already been fired with enthusiasm for the heraldry, 18th century buildings and medieval street plan of the City of London.

She now wants to repeat these themes in the Canary Wharf development, which is 10 minutes away to the east.

"I've started with the old bones and the old heart of London," she said. "And I now want to put new skin on the old heart and give the old bones a look of the future."

The Canary Wharf developers are Credit Suisse First Boston, Morgan Stanley International, First Boston International, and the Travelstead Group.

● British Rail is considering a £10m investment programme to improve services in the docklands area.

German group backs pilot project to turn coal into petrol

BY MAURICE SAMUELSON

BRITISH COAL has won support from West Germany's major coal company, Ruhrkohle, for its £36m, pilot scheme for producing petroleum products from coal.

Under an agreement signed yesterday, Ruhrkohle of Essen will participate in the plant at Point of Ayr, North Wales, designed to establish the technical viability of British Coal's liquefaction process by turning 2.5 tonnes of coal a day into petrol and other products.

As a result of Ruhrkohle's involvement, British Coal has also won £3m worth of support from the UK Department of Energy.

Mr Rudolf Specks, managing director of Ruhrkohle's oil and gas subsidiary, said he had "great hopes" that the joint venture would provide additional experience and expertise for the time when coal would be the most important resource of hydro-carbon fuels.

Ruhrkohle, which is initially funding 5 per cent of the total project costs, will have the right to raise its participation in future and to license technology once it becomes commercially viable.

British Coal's process, based on liquid solvent extraction, will have a high yield of products per tonne of coal because the process has little or no by-products, apart from ash. Traditional liquefaction methods yield paraffin products which have a much lower commercial value.

Work on the site adjoining Point of Ayr Colliery started in January 1986 when Fairclough Engineering undertook a £1.2m contract for civil engineering work. The £10m main plant construction contract, let to Simon-Carves, is due to be completed this year.

Seamen seek German help in QE2 dispute

BY JIMMY BURNS, LABOUR STAFF

THE National Union of Seamen (NUS) has initiated talks with West German unions in an attempt to broaden support for a planned campaign of industrial action against Cunard, the shipping line, over new crewing arrangements for the QE2.

NUS officials have travelled to Bremerhaven, where the QE2 is in dry dock undergoing a £90m refit, with the apparent aim of delaying the ship's departure on a world cruise at the end of April.

In a related development, some 300 dockers and auxiliary staff grouped in the Transport and General Workers' Union are due to meet on Thursday to decide whether to black the QE2 at Southampton if the NUS dispute becomes official.

The decision to prepare the disruption of Cunard's services follows the collapse last week of an attempt by the company and the NUS to reach an innovative agreement on pay and conditions on the QE2.

The agreement focused on the setting up of a guarantee fund to supplement the pay of 602 QE2 hotel and catering staff. Under the proposed plan, the fund would have been jointly administered by Cunard and the NUS through a new employment agency based in Jersey.

However, according to the NUS, the agreement was scuppered when the company took up again its original proposal by which the QE2 would employ non-NUS staff, probably from abroad. The NUS sees the current dispute with Cunard as a key battle to prevent a further damaging depletion of union membership and funds.

Cunard said yesterday that it would eventually use Cherbourg in France as an alternative port if the dispute went ahead. It also warned that it would resist through the courts any attempts by the unions to spread the dispute.

EARTH-MOVING EQUIPMENT

Nick Garnett on the US group's resolve to stay on top of the world earthmoving league

Caterpillar bases optimism on lower costs

AMIDST ELECTRONIC water fountains and glossy video films Caterpillar used the Conexpo construction equipment exhibition in Las Vegas last month to put on one of the most lavish demonstrations of new machinery ever seen.

That display was fitting perhaps for the world's largest manufacturer of earthmoving equipment whose sales last year at $7.3bn were almost double those of its nearest and most bitter rival, Komatsu of Japan.

At a breakfast gathering at Conexpo, Mr George Schaefer, Cat's chairman, was in determined mood. "We certainly intend retaining industry leadership," he told analysts and industry consultants tucking into the bacon and eggs the company provided.

Yet Caterpillar has been suffering an uncomfortable number of brickbats in the past few months.

Just as it began to look as if the US company was pulling away nicely from the gloom of the early 1980s when it racked up losses of $950m in three years, the company announced last month some deeply disappointing profits.

After converting a loss of $428m in 1984 into a profit of $198m in 1985, a disastrous fourth-quarter loss of $146m last year helped drag profits down to $76m for 1986.

The figures generated some tetchy questions from other construction equipment companies about Cat's global strategy.

This has focused on Cat's inability so far to take advantage of the weaker dollar—something for which it had been shouting for a long time—partly because Cat has been steadily increasing its manufacturing overseas at the expense of the US.

The weaker dollar has especially hit the dollar costs of European sourced equipment and components. Six years ago 19 per cent of Cat's output came from outside the US, but now it is around 26 per cent.

Along with this Caterpillar has been accused of buying market share by very aggressive selling at rock bottom prices in a number of countries, a strategy normally associated with the Japanese.

Its wheel loaders have been offered in West Germany and some other European markets, for example, at almost unbelievably low prices, according to some machinery distributors.

Cat's total cash sales worldwide last year actually jumped 9 per cent while its unit sales rose by 6 per cent—but profits slumped 60 per cent.

At the same time some of its competitors have questioned Cat's commitment to manufacturing. They point out that as part of its recent deal with Mitsubishi which merges the two companies' hydraulic excavator businesses — excluding machines made by Cat in Europe—the Japanese company is taking on all responsibility for the design and development.

"Caterpillar is changing from a manufacturer to a seller of equipment," says Mr John Borden, executive vice president for marketing at JI Case. "They have determined that manufacturing is not as lucrative."

To make the start of 1987 less than happy, Cat also badly bungled the announcement that it was closing its crawler tractor plant near Glasgow, Scotland — along with two other US plants.

The company had only a few months earlier announced a $90m investment programme for the Scottish plant and the closure decision sparked a sit-in, angered the British Government and cost Cat many friends in the UK.

Despite all this Mr Schaefer speaks forcefully about where Cat is going. "Every action we have taken has been for the long term," he says in an interview about Cat's position in the industry.

Mr Schaefer displays some sensitivity to the criticisms but brushes aside others as simply untrue. The suggestion that Caterpillar was getting out of manufacturing is nonsense, he says.

He points to the 300 models Cat now has in its range — double the number of five years ago — the new medium horsepower engines coming on stream this year at the company's Gosselies plant in Belgium and the $1bn five-year Plant With A Future programme to up-date manufacturing at its factories which numbered 30 before the recent closure announcements.

Cat desperately needs this programme because senior executives concede that Cat's manufacturing costs are at least 15 per cent adrift of those of Komatsu. Cat's cost cutting measures which have included in the past five years a workforce reduction from 89,000 to less than 55,000 and the removal of a quarter of its production floorspace largely through the closure of nine plants (including the latest announcements), have been substantial though not as rapid as Cat had planned.

The company is certainly beginning to outscore more components including some hydraulics, cabs and undercarriages, but claims that it will continue to make core components like engines, transmissions and fabricated chassis.

Caterpillar is certainly right in saying that Komatsu is also in the business of increasing its outsourcing as a way of cutting costs.

Mr Schaefer concedes that Cat has been selling some of its equipment at costs designed more to retain or build market share than to make profits.

"We have priced our products competitively on a value basis and offered special incentive programmes to enhance the marketing efforts of our dealers, perhaps at the sacrifice of some short-term profitability for longer-term improved results."

Cat's prices are no higher than they were in 1981. But Mr Schaefer says this reflects the merciless price discounting suffered by the whole of the construction equipment industry.

Last year Cat reduced by 11 per cent the price of its UK-assembled backhoe loaders, but claim it had to do that in the face of hostile price discounting by Case and John Deere.

Cat has been very surprised at Komatsu's ability to stay in the black despite the rise of the yen. "Komatsu has done a real good job cutting costs. They are long termers. They are not going to give up their position without a sustained fight. We see prices quoted by them to the Russians for example which are hard to believe."

Nevertheless, Komatsu's profits slumped 32 per cent last year to Y28.42bn ($184.5m) and it lost 2 percentage points of market share in the US following price rises totalling 18 per cent. Mr Schaefer says Komatsu will be forced to raise its prices again this year.

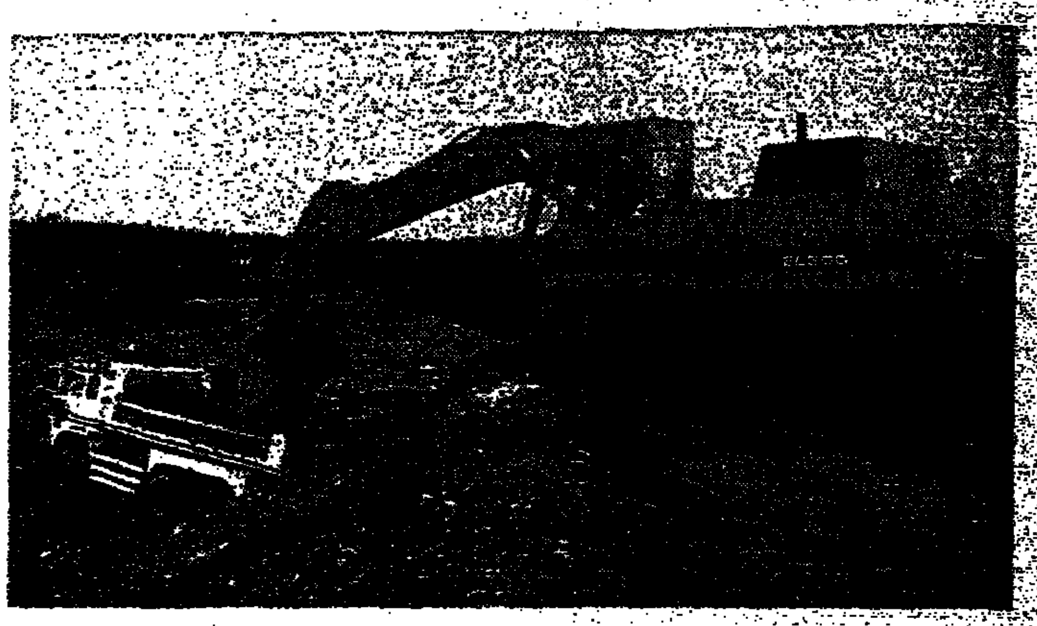
Cat's chairman argues that the weaker dollar is ultimately good for Cat and its benefits will begin to come through very soon.

A combination of expected firmer prices this year, the impact of lowered manufacturing costs and the introduction of new products which last year included agricultural crawler tractors has encouraged the company to forecast higher profits for 1987, though with an expected loss in the first quarter.

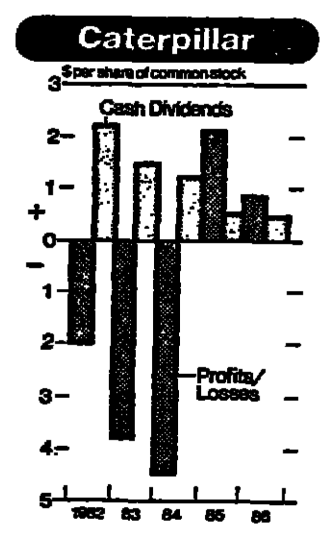
The company is also continuing to add smaller pieces of equipment to its range, a policy it was forced to adopt at the turn of the decade when demand for large earthmovers on which Cat built its business abruptly collapsed. For example, it is studying whether to get into mini-excavators which look to have significant growth potential.

Mr Schaefer says the repercussions of the recent closure announcements were not pleasant. "I have never been under so much pressure with those decisions," he says.

But there is no guarantee that Cat will not shut more facilities: "We might have to do some more additional downsizing." And the prospect of companies like Cat ever again making a return of 8 per cent on sales as the Illinois-based company managed in the 1970s is a thing of the past. "Those days have gone forever," says Mr Schaefer.



The EL 300: a switch allows selection of high drawbar pull or faster ground speed



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In the second part of a series, **Samuel Brittan** says economic policy under Mrs Thatcher has mixed good and bad with muddle and interest-group politics

Traumatic, if not radical

Faces of corporatism: Jack Jones, transport workers' leader, and the chairmen of nationalised industries, pictured in 1976

THE ECONOMIC analyst of the Thatcher regime is faced with a paradox. If he applies the tools of his trade he has to conclude that the years since the Thatcher Government came to office have not been nearly as remarkable, for good or for ill, as the fiercely polarised discussion suggests.

Nearly all the supposedly special features of the "Thatcher experiment" either have their roots in the earlier policies already in force under Prime Minister Callaghan, or they are mirrored by developments in other countries that, unlike the US and Britain, have made no conscious attempt to break out of the post-war consensus.

Yet there has been a profound change in atmosphere, which may produce more measurable effects in the years ahead. The most worrying aspects of the change are in the non-economic field: such as the entrenchment of petty authoritarianism and secrecy, a desire to censor in the name of "morality" and an excessive attachment to nuclear hardware going beyond our duties to Nato.

As far as the economic atmosphere is concerned, even hostile observers would credit Mrs Thatcher with having driven home the lesson "The world does not owe us a living." This is hardly an original message and every Prime Minister and Chancellor since Cripps has tried to convey it. Indeed, the phrase "The New Realism" was coined by Peter Jay when Ambassador in Washington in 1977-79 to describe the Callaghan policies. But the Prime Minister's "Grantham" personality has embodied the message, as no one else has been able to before.

Where neither she nor her Ministerial colleagues have succeeded, is in getting across the elements of market economics. The elementary function of the price mechanism is still double dutch to nearly all voters and many businessmen too. In his 1986 Reith lectures David Henderson castigated certain primitive ideas: *unreflecting centralism*, the idea that we "as a nation" (meaning the Government) have to decide which industries to have; *structure snobbery*, the idea that hamburger stalls are inherently inferior to the manufacture of metal objects; or *mercantilism*, the idea that the Government must encourage exports and discourage imports. These ideas are rampant.

Judging by opinion polls, most voters still think in terms of governments spending "for jobs" rather than in terms of people pricing themselves out of work or malfunctioning housing markets. And people still have guilt-feelings about preferring money in their pockets to Government spending, even though the latter already accounts for nearly half the national income. Adam Smith is nearly as much a closed book today as in the heyday of Stafford Cripps.

Nor has the failure been merely one of education. The Government's own policies were privately described by one critic as "monetarism without markets." (Today he would have to modify the monetarism part.) Unlike many British economists I would count privatisation as a net gain. But without either the break-up of the former state monopolies or the handing over of the shares to all citizens to form a genuine capital-owning democracy, privatisation is but a small thing.

The abolition of exchange controls in 1979 right at the beginning of the Thatcher Government was much more important than generally realised not only for economic efficiency but also for political freedom. There has been some action against professional monopolies; for instance against the artificial segregation of jobbers and brokers at the Stock Exchange and against minimum commissions.

But outside the financial area, progress has been very limited. In spite of privatisation and deregulation, there is still a political veto on overseas purchase of ailing parts of the British car industry. Quotas have proliferated on "high-tech" and "low-tech" imports alike, whether they come from Japan or the newly industrialising countries.

Tax subsidies to home ownership, rent control, rigid restrictions on land use and pension fund privileges remain: and their harmful effects have been magnified by financial liberalisation, in itself desirable.

On some of these issues such as the car industry, Mrs Thatcher has been overruled by her colleagues. On others, such as mortgage privileges, she has herself been the main driving force.

Too many of the Prime Minister's radical urges have been wasted on peripheral issues such as the abolition of the Greater London Council and attempts to eliminate domestic rates, despite the fact that houses are already over-subsidised and undertaxed compared to other assets. No one seems to have been able to convince her that all these subsidies and privileges do not in the end benefit the young suburban couple of Tory fantasy, but spill over into high land prices and interest rates. The combination has been too often one of strident rhetoric and timid or irrelevant action.

Another example has been in public spending which has risen slightly as a proportion of GNP since the last Callaghan year. Like most governments, the Thatcher Government has not reduced the range of its responsibilities for social security, health or any of the large spending areas. The result is that it has to be as tight-fisted as possible simply to stay where it is. Thus the defenders of the welfare state see meanness and cheese-paring all round, while the Radical Right feels it has been betrayed by the continuing rise in public spending and the pressures for still more.

Greater use of competition and markets would be perfectly compatible with more help for the poor and the victims of change who—without accepting all the contentions of the poverty lobby—have fallen relatively further behind. But to do so effectively would have involved selective social security policies which, far from being common ground, would have upset the consolidators and the apostles of the Middle Way far more than anything that Mrs Thatcher actually did.

There is clearly a strong connection between the new poverty problem and the unemployment explosion. Accordingly any account of the Thatcher period must put heavy emphasis on that explosion but also place it in its historical and international context.

It is possible to bypass some of the statistical controversies, because the changes made in the definition and coverage of the unemployment statistics have been carried back to the pre-Thatcher years in the seasonally adjusted series, excluding school-leavers, used in this article.

On this basis unemployment remained in the range of 1½ to 3 per cent of the working population up to 1973, a period which now seems a Golden Age, despite the large number of "condition of Britain" books. Arthur Koestler's *Suicide of a Nation*, Michael Shanks' *Stagnant Society* and the discovery of Britain's low place in the so-called growth league all date back to the 1960s. But little did the prophets of doom know what was really to come.

Unemployment rose to hitherto unprecedented post-war rates of nearly 5 per cent during the Labour Government of the 1970s and then exploded to over 10 per cent in the first few years of the Thatcher Government from 1979. The rise then continued for a while at a slower rate, but unemployment is still above 11 per cent on present UK definitions. In terms of actual numbers out of work, the British total shot up from 600,000 in 1973 to over 3m today.

The high level of unemployment has led to a predictable polarisation of attitudes. To collectivists it has been a long delayed confirmation of the inadequacies of the market system. To the New Right it has been a sign that not only union power, and economic regulation, but the Welfare State and public spending, have reached insupportable levels. The polarisation of attitudes has been much less reflected in government behaviour. For left-wing governments are inhibited by international financial markets, and right-wing governments by electoral attachment to welfare spending, from embarking on very radical changes; and the Thatcher Government was no exception.

The Government's greatest success — the weakening of union power—came too late to stop or moderate the unemployment explosion. But it was a success none the less. The spectre of Britain being ungovernable without union consent which terrified some of the more reflective Labour Ministers, as well as the Civil Service, when Labour returned to office after the Heath Government's defeat by the miners' strike in 1974, may at last have been banished. The issue was in doubt until less than two years ago, when the last Scargill-led miners' strike was defeated.

Most of the Thatcher legislation on unions was not motivated by an economic desire to reduce union power to price workers out of jobs, but by a political desire to reduce militant influence by "giving unions back to their members." The reduction in manufacturing employment and the general state of the labour market have been the main agents of the decline in union membership. But the Thatcher legislation may still contribute to a measurable reduction in the economic powers of unions in the years to come, especially if the Government sticks to its guns on the closed shop and the Alliance really does support it, on this issue at least, in the event of a hung parliament.

In the narrow sphere of macro economic management, much of which is said about Thatcherism and monetarism is pure myth. The basic changes all began several years earlier. The rejection of the belief that governments can spend their way into full employment came under James Callaghan and Denis Healey during the Labour Government and hit the headlines in 1976. The IMF was the scapegoat, not the cause, of the turnround. Money supply controls, targets for reduced government borrowing, and attempts to stabilise the share of public spending in GNP all date from 1975 or 1976.

Many of the sentences and sentiments of the Howe-Lawson Medium Term Financial Strategy were foreshadowed in the Letter to the IMF written in December 1976, by Labour Chancellor Denis Healey—which was written with much more conviction than Healey afterwards chose to admit.

The big difference has been the absence of pay policies. For the Thatcher Government which came to office amid the collapse of Labour pay policy, and commitments to pay rises in the public sector awarded by the Clegg Committee incomes policy was not an option at the beginning. Its subsequent refusal to countenance pay controls (even via the fiscal system) and rely only on exhortation did mark a break with immediately preceding governments, but also an unremarked return to the path of Butler and Macmillan, who also confined themselves to exhortation on pay.

Unfortunately, because of changes in the world and British economies, sole reliance on demand management meant tolerating a much higher rate of unemployment than it had done in the Butler-Macmillan era of the 1950s and '60s. Structural policies to tackle this unemployment did not appear, even in the most tentative form, until near the end of the second Thatcher Government, with Lord Young's training and restart measures and the Chancellor's flirtation with profit-related pay.

The Government's great mistake, especially given its gradualist approach to union reform, was to underestimate the perversities of the British labour market; the attachment to "going rates," the distaste for market related pay, the extreme rapidity with which even temporary price explosions feed into pay, and the dominant power of "insiders" with jobs in fixing remuneration over outsiders without. The result was that the Government underestimated both the job losses in tackling inflation solely from the demand side and the underlying forces making for high unemployment. The Whitehall cynics who say that "An incomes policy does not work; but not having an incomes policy doesn't work either" seem to have been vidicated.

Greater use of competition and markets would be perfectly compatible with more help for the poor and victims of change who have fallen relatively further behind

The main source of almost all the distinctive economic events both good and bad of the Thatcher Administration was, however, the sharp rise in the real sterling exchange rate, which occurred right at the beginning in 1979-81. This was neither intended nor desired but had the result of transforming what was meant to be a gradualist policy of disinflation into a short, sharp shock. At its peak in January 1981, sterling was 25 per cent higher than two years before. This nominal appreciation was superimposed on a pay explosion. Increases in earnings which had started to accelerate in the later 1970s, after Labour's pay restraint began to evaporate, reached a peak of 20 per cent in 1980.

The rise in sterling was largely an international portfolio movement due to confidence in Britain as an oil producer at a time of worldwide worries about oil supplies, reinforced by the effects of the "Thatcher factor" on confidence in the UK. It was responsible for the rapid fall in inflation, which took the Government's critics and even the official forecasters by surprise; and the resulting pressure on profit margins led to a blitz on overmanning and a productivity spurt in industry. But as the exodus from manufacturing was not offset by sufficient extra jobs elsewhere and the labour force also grew, the pain took the form of high unemployment.

The upsurge in unemployment has to be seen in a wider context, particularly the slowdown in international growth after 1973. Comparisons between different parts of the world and different periods of history are shown in the accompanying tables. In contrast to the Chancellor's Budget presentation, growth rates are shown over cyclically comparable periods but manufacturing is not singled out for special attention.

There is no escaping the pivotal nature of 1973 the year of the first oil-price expansion which marked the end of post-war growth and full employment. Growth rates subsequently fell by at least half throughout the industrial world, including Japan. The notorious growth gap between Britain and the rest of Europe now looks as if it might be disappearing, but mainly because European growth rates have fallen.

Throughout the world, the creeping inflation of the post-war period gave way to the alarmingly high inflation rates of the 1970s, of which the oil price explosions were as much an effect as a cause. Britain suffered worse inflation than Europe and the US during this period. But by the late 1980s inflation throughout the world had been reduced to very low —in some countries negligible —rates.

Despite talk of "doctrinaire monetarism" in the early years of the Thatcher Administration, British inflation rates, both actual and underlying, remained near to the European average, and a good few percentage points above those of Germany and Japan.

Only in the US did high unemployment in the early 1980s look like a temporary price to be paid for reducing inflation. In common with Europe, the US experienced a sharp rise in unemployment in the 1982 recession, itself partly induced by the Fed's tight money policies. But once inflation had subsided, US employment recovered, if not to its Golden Age levels, at least to the rates of the mid-1970s.

A few of the smaller European countries, including some Scandinavian ones, and Austria and Switzerland, did manage to keep unemployment well below the averages shown in the table. This led some economists to conclude rather rashly that the key to avoiding stagflation was corporatism—centralised setting of pay by powerful unions and employers' organisations, which are also thus highly influential in other areas of policy.

It is still true that countries with strongly established traditions of collective bargaining and with highly independent unions, such as Britain, appear at a disadvantage in fighting stagflation compared either to countries such as the US, with weak unions and more atomistic labour markets, Japan with its relatively tame company unions, and small countries with highly centralised union movements

Yet looking at any picture of union bosses, self-styled industrial statesmen and officials and advisers of 1970s corporatism, UK-style, who would really want to see them back? Given the problems Britain has had with union power, it would make dubious sense to reverse the erosion of that power now taking place in the hope that a model corporatist movement will spring up. For someone wanting to move away from stagflation-producing collective bargaining, a fragmented atomistic labour market in the US model is a better bet for Britain than a breakthrough into Scandinavian or central European consensus.

How about "growth"? If we compare the Thatcher period of 1979-86 with the previous cyclically comparable period of 1973-79, largely under Labour rule, the growth rates are very similar. Inflation came down more in the Thatcher period; but so did it in the rest of the world.

The big difference between the Thatcher and the Heath-Wilson-Callaghan period was that productivity in the conventional sense of output per head rose faster under Thatcher (and future revisions of the statistics are likely to increase this discrepancy). Unfortunately, the improvement in productivity compared with 1973-79 went to waste in a faster rise in unemployment. Hence the virtually unchanged average growth rate.

Since the last few months of 1986, British unemployment seems to have been falling very gradually, as far as one can make out through the fog of statistical and administrative adjustments. But even if this fall reflects more than temporarily above-trend growth or the once-for-all effects of community and training programmes, there is a very long way to go before unemployment moves out of the "low millions."

The main case to be made in favour of the Thatcher experiment, nearly eight years after it started, in terms of the real economy is thus still speculative and forward looking, namely that *if* unemployment falls (other than through taking people off the register and emergency programme) it *may* provide the foundation for better growth performance in years ahead, in spite of the rundown of North Sea oil production.

Thus in strictly quantitative economic terms the record is "not proven." In wider terms it is a mixture of the very good and the very bad with a good deal of plain muddle, prejudice and old-fashioned interest-group politics thrown in as well.

Tomorrow: Guy de Jonquieres on privatisation

International Growth Rates

(Real GDP % change annual rates)

	UK	OECD Europe	US	Japan
1964-73	3.0	4.5	3.7	8.9
1973-79	1.3	2.4	2.6	3.6
1979-86	1.4	1.7	2.0	3.8

Source: OECD

Inflation

(Peak and Trough Years)

	UK	OECD Europe	Germany	US	Japan
1967	2.5	3.3	1.4	2.8	4.0
1974	16.1	13.3	7.0	11.0	24.5
1975	24.2	13.2	6.0	9.1	11.8
1978	8.3	9.3	2.7	7.7	3.8
1980	18.0	14.3	5.5	13.5	8.0
1986	3.4	4.8	−0.2	2.0	0.6

*RPI for UK; consumption deflator for other countries Average Annual Rates.
Source: OECD

Output per worker

(Per cent changes; annual averages)

	1964-73	1973-79	1979-86
Manufacturing	3¾	¾	3½
Non-manufacturing*	3	½	1¼
Whole economy	2¾	1¼	2
Non-North Sea economy	2¾	½	1¾

*Excludes public services and North Sea oil and gas extraction
Source: Treasury

Unemployment

(% of total labour force*)

	UK	EEC	US	Japan
1973	2.1	2.9	4.8	1.3
1976	4.5	5.0	7.6	2.0
1977	4.8	5.4	6.9	2.0
1979	4.8	5.7	5.8	2.1
1982	9.8	9.6	9.5	2.4
1986	11.6	11.4	6.9	2.9

* OECD figures, partially standardised, except for UK

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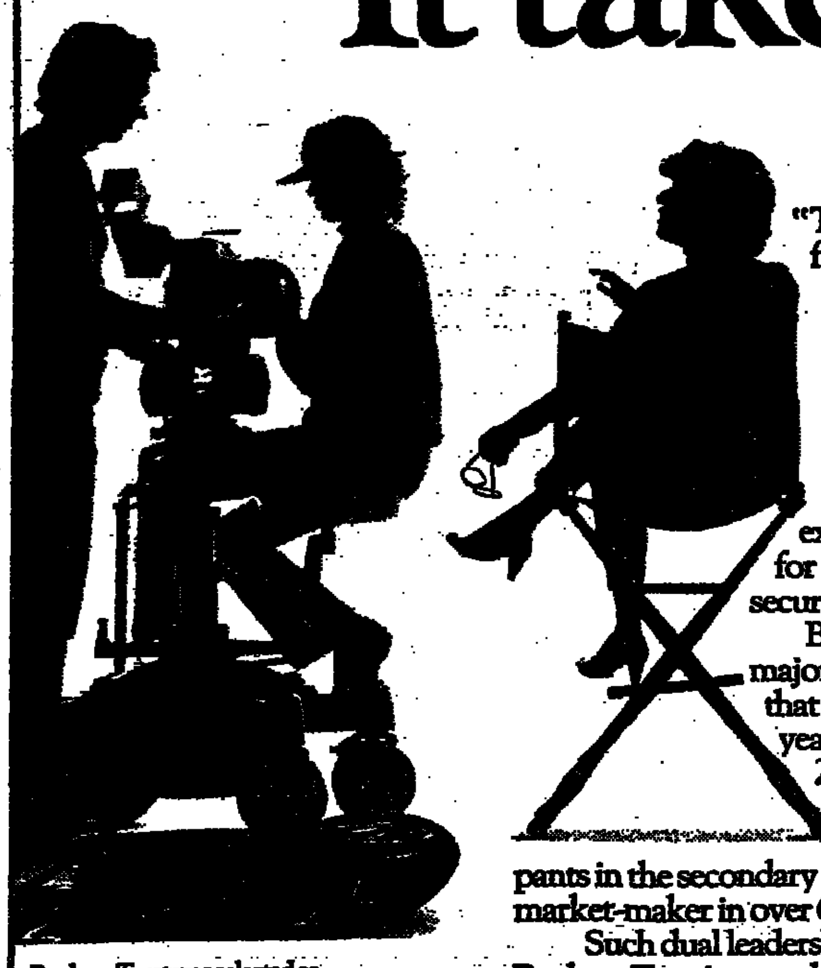

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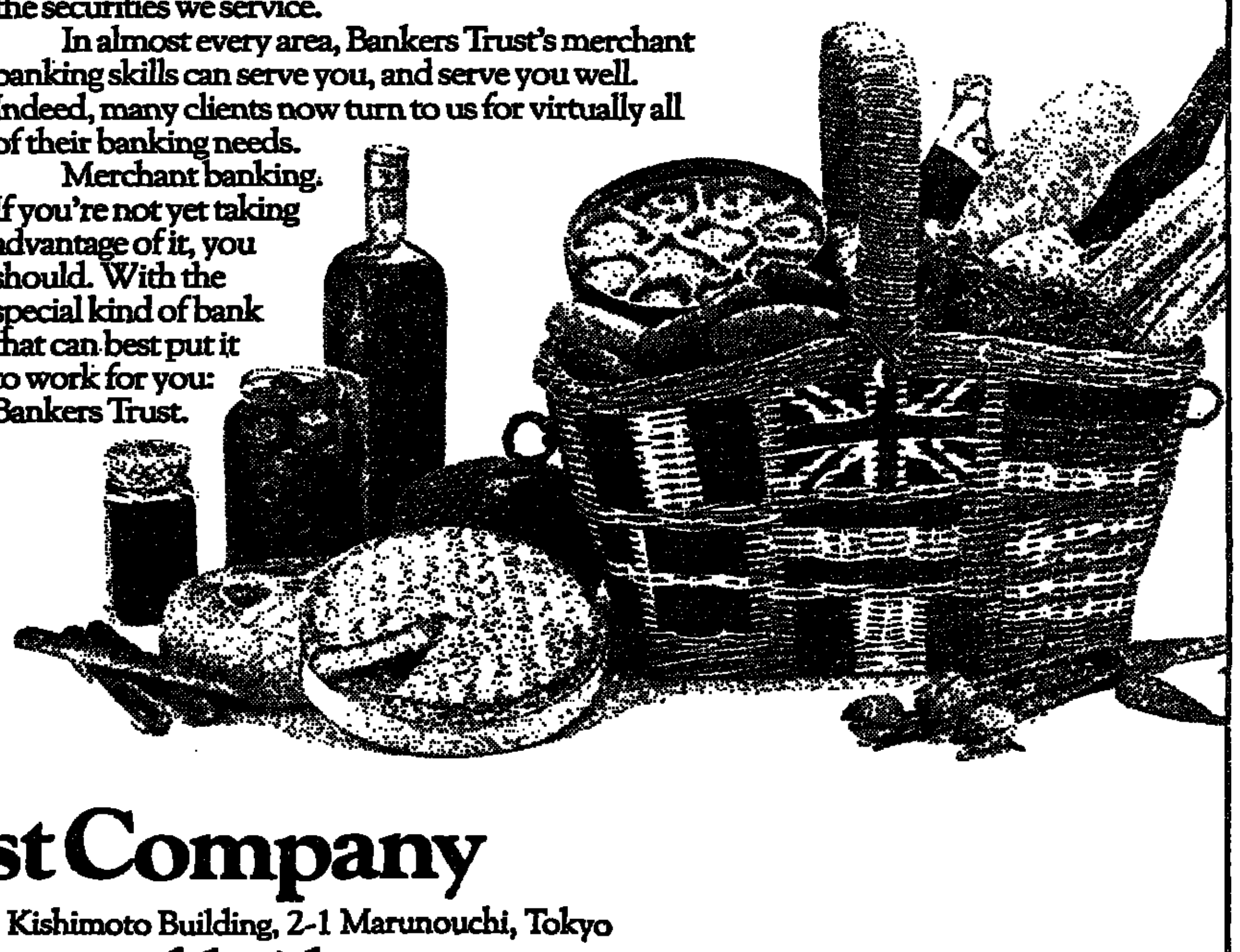

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National Gallery/William Packer

The changing body through the ages

Bodylines, which now fills the Sunley Room at the National Gallery (until May 17), is the latest in an informal and potentially unlimited series of modestly didactic exhibitions founded in the gallery's own collections. The modesty in this case, however, lies more in the event than in the declared ambition of the Education Department, which has been responsible for selection and arrangement. The subject is nothing less than "The Human Figure in Art," which one way and another must account for by far the greater part of the works of art that the Gallery possesses, to say nothing of the entire history of art, east and west. To set the limited practical scope of the Sunley Room against that generous expectation was perhaps a shade ingenuous.

The booklet that accompanies the exhibition tackles the not inconsiderable art-historical task of taking us through "some of the ways in which the human body is described and employed by artists from the 13th to the 19th centuries." This it does in fairly simple terms, taking the subject from two sides and treating it first in its material aspect, that is the artist's varying relation to his model and reference. The second aspect gives us the more subjective matter of the changing ideals of beauty and the uses and devices of physical gesture and expression. Each work in the exhibition, which includes sculpture, drawings and engravings borrowed for the occasion from other public collections, is thus given an extended gloss according to its allotted place in the general scheme. And if rather more interest is shown and confidence expressed in matters of iconography and interpretation than in those of practice and technique—that is the actual state and presence of the works as objects in themselves—the rebuke lies more with the academic preoccupations of art history as a discipline than with particular individuals.

We are told of the wonderful Rembrandt of 1655, of a woman paddling in a stream, for example, that "its directness suggests that it was done from life, and its small scale and its lack of detail or finish may indicate that it was executed as a study . . . ." Well, any painter in the world will tell you that there can be no *suggests* about it: of course it was done from life. And as for any lack of detail or finish, the painting is as it is because nothing more is needed, and who would wish it otherwise? Maybe it was intended as a study for a *Susanna*, but in the face of this ravishingly physical image, the paint fresh off the brush and the painter himself at our shoulder, who really cares? "With a few strokes of the brush . . . he has managed to describe the hand and wrist . . . in a way which is completely convincing. It is as if he is using a kind of painterly shorthand, with which he notes down the important shapes, surfaces, planes and textures." Managed indeed.

It is too easy, perhaps, and a little unfair to reduce the obvious to the crass by lifting it unkindly out of context. The obvious has its uses, and though we may jib at it, we must also allow that this little book is a useful and worthy primer, intended for a general public in a most general way. The real problem lies with the exhibition itself, where the simplicity of the catalogue entry has been unfortunately refined into the simple-mindedness of the picture caption. Time and again the viewer is nudged into the particular response or told to take note of what he can very well see for himself. And yet so much does the show leap from point to point that no encompassing experience or understanding accrues, for all the supposed particularity of our directed attention. What can be embraced, just about, within the book, becomes on the wall no more than a sequence of tokens or markers for each several section in turn, any one of which could more than justify an exhibition to itself.

Detail from "A Woman bathing in a Stream" by Rembrandt

The nude or the clothed, the erotic or the spiritual, reality observed or the ideal imagined, images of classical, gothic, renaissance or romantic perfection, male or female: all are proposed, yet only glossed over. But what we are left with is, it must be admitted, a room full of the most wonderful things. Some are familiar enough, but others we have perhaps too long neglected on their quieter, usual walls. Now, in unusual company, they easily command attention for themselves alone. The Rembrandt girl, the Caravaggio boy bitten by a lizard, the Degas bather, the Rubens *Judgment of Paris* or the Cranach *Cupid Complaining to Venus* should be known well enough by now, and they lose nothing by being brought together here. But here it is the other things that steal the show, the putative Gericault, for example, an academic life painting of the standing male nude seen from behind, or the exuberant baroue *grand guignol* sweep of *Judith in the Tent of Holofernes* by Johann Liss—off with his head.

But more memorable still, for me at least, are the two panels, *circa* 1500, by the Flemish Master of the Saint Bartholomew Alterpiece, one for each side of the exhibition. For the first, Saints Peter and Dorothy stand for the north European image of the figure, at once manifestly drawn from life and yet nevertheless a spiritual ideal. The presentation is simple, frontal and hieratic, yet the form and characterisation are resolved to an exquisite definition with the shallow space so clearly established in the eye that we almost step across its threshold. The other painting is even more extraordinary —a *Descent from the Cross* of such vitality and complexity in its organisation, of such intensity of feeling, that any further commentary is rendered otiose.

Dance in Italy

Freda Pitt

The Teatro Regio in Turin, which has perfect sightlines for dance, has paid disappointingly little attention to ballet since the plushy new building was inaugurated with Maria Callas' questionable production of Verdi's *Sicilian Vespers*, redeemed by Natalia Makarova's brilliant dancing in the *Four Seasons Interlude*.

A few years ago the tiny resident group was disbanded as an economy measure. Now it has been relaunched under the management of a young Frenchman, Jean Luc Leguay, who has been running the group in during the past few months by touring round a few provincial towns in France.

For his Turin visiting-card, Leguay chose to give limited exposure to his own dancers, who took part in only one work, and that one relying on guests in the two main roles. Jean Guizerix is a great artist, but even he could not make this setting of Chaikovsky's lovely First Symphony (well played by the resident orchestra under Marcello Viotti) seem other than portentous nonsense. A work in which the named characters are The Man, The Woman (Francoise Dupriez) and Death (Laura Carrano—in a black cloak, of course) does not promise well; my forebodings proved all too justified. The coy and irrelevant parody of romantic ballet was merely silly, poor Guizerix was spread-eagled on a blasted tree in the slow movement, and the notion of salvation through dance expressed in the last movement, with everyone in golden cloaks, was sadly unconvincing. Leguay does not, therefore, seem to possess any considerable choreographic gift, both his musicality and originality being in question. He needs to study different models and to concentrate on movement rather than on some nebulous message. In the meanwhile, one can only hope he will prove his worth as a ballet master.

The rest of the programme was provided by the Ballet du Nord from Roubaix, one of the most recently formed of the French regional companies. Alfonso Cata, the company's Cuban director, is himself an undistinguished choreographer (as was evident recently in his contribution to the otherwise excellent production of *La Gioconda* at the Teatro Comunale in Florence). For the Turin visit, however, he boldly presented three taxing works by George Balanchine. These included the rarity *Variation pour une Porte et un Soupir*, a wholly atypical work which I had not seen before. Staged by Karen Von Aroldingen, who had originally appeared in it, it was well done by Sophie Delers as the cruel and contemptuous woman reminiscent in attitude of the death figure in Roland Petit's *Le Jeune Homme et la Mort*, and Henri Mayet as the grovelling, ill-used creature who is finally swallowed up in Rouben Ter Arutunian's effective billowing grey curtain. The programme opened with a rather approximate performance of *Rubies* (staged by Colleen Neary) and closed with a fair attempt at *Theme and Variations*, staged by Victoria Simon. Yves de Bouteiller is certainly no Youskevitch, but he danced remarkably well for a member of a small provincial company. Mireille Favarel lacks the ideal physique for Balanchine, but at least she and the company danced well enough for the audience to glimpse the glories of the choreography.

As classical ballet has been particularly neglected at the Regio, it is good news for the inhabitants of Turin that their theatre is one of the front-line contenders for a visit from the Kirov Ballet during its hoped-for Italian tour next spring. A fairly substantial Kirov contingent appeared in the gardens of Palazzo Reale in 1986, in a programme of excerpts; it would be a great event to have a large company at the Opera House now. However, nothing is certain, as Oleg Vinogradov, Director of the Kirov, emphasised during the press conference he gave in Rome in February. Since he was able to list confidently the Paris repertory for this autumn, it would seem that the doubts regarding the Italian tour stem from an insufficiently energetic response by the most suitable theatres, such as the Rome Opera, the Scala, and the Florence Comunale.

Turin was an important centre for ballet in earlier centuries, and now the local authority seems out to rival Reggio Emilia and Bari. A centre is being set up that will make books, dance magazines, videos and other material available to the public (like its predecessor at Genzano) and a dance festival is planned for the summer. Unfortunately, the central gardens of Palazzo Reale are, inexplicably, no longer in use, and now summer performances take place in the inconveniently placed Parco Rignon, where the centre will also be situated.

While the Regio was dragging its feet, the more austere Teatro Nuovo become one of the most active suppliers of dance in the country. Whereas its own company has a classical slant, most of the groups from outside—principally French and American—work in the modern or experimental field. This season guests have included the Ballet de Lyon with Maguy Marin's *Cinderella* (hailed as a work of genius . . .), Momix and Twyla Tharp.

In Rome, it is the Accademia Filarmonica that has supplied dance-lovers in the capital not only with Twyla Tharp Dance, the delightfully original Momix 2 Show (containing Alan Boedig's striking *Circle Walker*), and the reconstructed Triadic Ballet, but also the first visit to Rome by the Paul Taylor Dance Company, which has not been seen elsewhere in Italy this season. The programme was to have been identical with the Paris one, but the Teatro Olimpico compares unfavourably with the Salle Favart in every way. Among its disadvantages is the limited size of the stage, which made it impossible for the company to give the much-awaited *Musical offering*. An injury to Cathy McCann put paid to *Mercurio tidings*, so that we eventually saw *Cloven Kingdom*, *Polaris* and *Arden court*—more than enough to be grateful for.

Modern dance is also at the heart of this season's programmes at the Teatro Valli in Reggio Emilia. After a nondescript production of *The Nutcracker*, by Heinz Spoerli for his Basle Ballet (to taped accompaniment), the theatre is doing Martha Graham proud with a three-week festival devoted to performances by the Graham Company, films, videos, exhibitions, and talks by Graham herself as well as Anna Kisselgoff and Isamu Noguchi. Reggio Emilia seems to be attempting to steal the crown from Florence, where two successful summer schools in Graham technique have already been held and where a branch of the Graham school is planned.

While La Scala, Milan, indubitably leads in the operatic field, its ballet programmes vary considerably in quality. The recent revival of Rudolf Nureyev's production of *Don Quixote* was notable not only for the sparkle of the Paris guests, Sylvie Guillem and Laurent Hilaire plus Nureyev, but also and most encouragingly, for the exciting performance given by the young Scala dancer, Anita Magyari. I hope to see her technique and temperament employed in more worthwhile works. Perhaps she will dance Lize in Spoerli's *Fille Mal Gardee*: what a pity the Scala has not chosen a superior version. Rather ironically, the only work originating from Covent Garden that will be given at the Scala — the first since Frederick Ashton created *La Valse* for the company thirty years ago — is Wayne Eagling's Frankenstein extravaganza, due at the end of the month in a quadruple bill which also includes John Butler's Lulu piece with Carla Fracci and Gheorghie Iancu, Bejart's *Leda and the Swan* with Luciana Savignano and Jorge Donn and Balanchine's *Symphony in C* as a consolation prize for those few that value choreography above all. Differences in national taste have to be borne in mind: in Italy the conductor's name usually precedes that of the choreographer, and the scenery, the music and the subject-matter frequently take pride of place.

Pier Paolo Pasolini/Offstage

Michael Coveney

The Offstage Downstairs in Chalk Farm Road is housing a short documentary play in 15 scenes about the Italian Marxist film director found dead on an Ostia beach in 1975, his thorax crushed by the wheels of a sports car. Although Pasolini's death remains a mystery, it is clear from Michael Azama's play, neatly translated by Caroline Behr, that a habit of promiscuously consorting with Roman slum boys may have led to the murder.

But the main intention here is to paint a portrait of a provocative artist seriously and no doubt inevitably persecuted by the Church and the civil law. Pasolini was an iconoclastic genius whose treatment of sexuality in religious contexts was much in the mould of Genet and Bunuel. The public prosecutor was particularly agitated by *Teorema* (1968) in which a Christ-like Terence Stamp possessed and seduced each member of a bourgeois family in turn.

The film is alluded to in the play, but only in the most pedantic fashion. The trouble is that the best argument for Pasolini's right to our sympathies lies in the films he made and not in the sort of special pleading we have here. The biographical details are sketched in: the country boy from near Bologna was thrown out of the Communist Party for his "individual non-conformism" and he picks up a baker's boy, Pelosi (Sean Patterson), in a Roman square and casts him in many of his films.

This Pelosi is the chief suspect in the murder enquiry, and their relationship is charted throughout the accounts of censorship, rejection, public scandal and critical outrage that track Pasolini's career. The director's passions, apart from slum urchins, included fast cars, football and his mother. Pelosi calls him his "jewel thief" and their final embrace on the wind-blown beach is a moment of solace and solitude after the wearying experience of 33 trials in 20 years.

Tim Luscombe's production on a simple design by Graham Wynne of a perforated, overblown strip of 35mm film is as unspectacular as it is uninvolving. Things are not helped by the fact that Kevin Moore, who plays Pasolini, bears an uncanny resemblance to the shiny bespectacled figure of Leslie Crowther, the grimly oleaginous host of the TV quiz show *The Price Is Right*. The cast of four is completed by Patricia Samuels and Matthew Jones, who share the lesser roles, but the show does not really amount to the sort of blazingly sensual and aggressive testimony that Pasolini deserves and he himself would have approved. This is a mere tea-time titivation of Cinecitta's very own Caravaggio.

City play at the Royal Court

Caryl Churchill's new play about the Big Bang and City scandals, *Serious Money*, will open at the Royal Court on March 27. Max Stafford-Clark directs.

Harlem Renaissance/Studio Museum, New York

William Weaver

Once a vital, magnetising quarter of New York, Harlem today is for the most part bleak and dispiriting. Burnt-out apartment blocks, built in the first decades of this century, alternate with faceless municipal housing, anonymous and often perilous "projects." In the midst of this desert, the Studio Museum is a welcome, encouraging oasis. Just over 10 years old, this bright and creative organisation is a beacon, a stimulus, a focus for Harlem cultural activity.

The current show, entitled "Harlem Renaissance: Art of Black America," is a reminder of the quarter's illustrious past and a reminder, too, of the museum's vitalising presence. Primarily, the show is a celebration of four black American artists — three painters and a sculptor — active in the first three decades of the century. Though the sculptor, Meta Fuller, did her important work some time before the actual "renaissance" years (usually considered the period between the First World War) and the 1929 crash, she can be considered an important precursor; and important pieces of hers, like "Ethiopia Awakening" and the haunting "Talking Skull," are harbingers of the coming explosion. The painters Palmer Hayden and William H. Johnson are virtually children of the renaissance, since they were active chiefly in the 1930s. But their work, sometimes distorted, tormented, and (in the case of Johnson) caricatural, bears also the mark of the renaissance's vitality. Aaron Douglas, the fourth artist (and perhaps the most accomplished and interesting), was at the peak of his career in the 1920s, when he illustrated the works of Harlem writers, enjoying considerable success also in the white publishing world.

Besides these artists, the current show at the Studio Museum also includes an ample selection of photographs by the splendid James Van Der Zee, many of them being displayed for the first time. Van Der Zee's camera recorded not only the daily life, dress, customs, and places of Harlem over several decades, but also—even more subtly — the dreams of its citizens. The artfully posed studio portraits, with their painted backgrounds, fake hearths, canvas architecture, have their own surreal poetry.

"Emperor Jones series: Defiance": a 1923 woodcut by Aaron Douglas

None of these artists is exactly unknown; but assembling them for this carefully thought-out exhibition, provides a sense of the spectrum of black American art half a century or more ago. To complement them, a cogent audio-visual programme includes excerpts from rare films with Bessie Smith, Duke Ellington, and other musicians of the period. At a symposium, "Harlem Renaissance: Fact or Fiction?", the provocative black novelist and critic Albert Murray, in fact, compared unfavourably the painters and writers of the time with the musicians and performers. The lively debate that ensued, involving both black and white scholars present, was clear proof of the show's significance and of the importance of the museum itself as an intellectual meeting-place.

Simon Rattle renews CBSO contract

Simon Rattle, principal conductor and artistic adviser of the City of Birmingham Symphony Orchestra, has agreed to extend his contract by a further two years to August 1991, ending speculation that he will come to London in the near future to lead a new "international orchestra."

Mozart/Wigmore Hall

Richard Fairman

Period musical instruments can be intractable tools with which to work. There was an unscheduled pause in the middle of a sonata at this recital to re-tune a couple of strings on the portepiano and the violin suffered intermittent bouts of sour intonation right through the evening.

Against that, of course, there are other advantages to be weighed. The pianist Malcolm Bilson is a specialist in working with original instruments (his series of the Mozart piano concertos on record is nearing the half-way mark) and this recital, given with the Gainsborough Quartet, showed how closely his choice of instrument and personal style go hand in hand. All the music he played came across in a lively outlook and clean definition.

A fortepiano, with its comparatively limited range of tone coolurs and dynamics, imposes its own scale on the music-making. Whereas a pianist on a grand piano might feel the need to hold back at climaxes in Mozart, Bilson is able to give them with full strength and attack. There was nothing effete or precious about his playing of the simple G major Sonata K 283, just lively and straight-forward music-making.

The main works on the programme were the two piano quartets. In these he was joined by playing of stylish poise from the members of the Gainsborough Quartet. The beautiful Larghetto of the E flat Quartet, a fine example of classical repose and contentment, showed to fine effect the blending of the slim, wiry timbres of the strings and careful instrumental balance—the pianist is deposed from his traditional position of dominance in an authentic ensemble.

Doubts, however, began to surface with the more impassioned G minor. After so many performers have brought a near-romantic strength of feeling to this music, Bilson and his partners seemed unduly matter-of-fact. The insights of the 19th century may be inappropriate in these scores, but some breadth in the range of expression ought still to be found. As it was, these two very different works started to sound distressingly the same.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Opera and Ballet

March 20–26

TOKYO

Rigoletto, Tokyo Opera Institute: The final event in Tokyo's all-Japanese spring festival of Western Arts. Cast includes Minya Yamamura, Kenji Mizuho, Hiromi Hayashi, Takako Mizuno. Tokyo Symphony Orchestra conducted by Volker Renicke. Tokyo Bunka Kaikan. (Tue, Wed). (369 7020).

La Tragédie de Carmen: Peter Brook's renowned original production. The Peter Brook Company directed by Brook himself has been chosen to celebrate the opening of Tokyo's latest theatre, the Ginza Saison. Significant, too, is the extended run till end April. Ginza Saison Theatre (535 0555; 980 6666).

PARIS

Bellini's I Puritani: The Welsh National Opera's production sets the romantic action against a background of fortifications, and towers which evoke the feeling of danger, thus making Elvira's folly credible. Opéra Comique (42960611)

Don Giovanni conducted by Sylvain Cambreling in Brussels National Opera production with Jose van Dam, Ashley Putnam and Stuart Burrows. TMP-Châtelet. (423 300)

La Compagnie la Liseuse choreography by Geirges Appaix: antiquites after Homer's Ulysses, Centre Georges Pompidou (4274 4219).

Ballet Moiseiev celebrates its 50th anniversary with a suite of traditional Russian dances, with Partisan Fighters, A Day on a Boat and a Winter Celebration at the Palais des Congres (4742 0744).

Don Carlo alternates with Verdi's Messa da Requiem conducted by Georges Prêtre at the Paris Opéra (4266 5022).

LONDON

Royal Opera, Covent Garden: In the revival of Jean-Louis Martinoty's wildy over-produced Ariadne auf Naxos, Colin Davis conducts and Gundula Janowitz takes over the title role. Edita Gruberova's irresistible Zerbinetta is the main reason for a visit (240 1066).

English National Opera, Coliseum: Philip Glass's "minimal opera" Akhnaten, a flat, empty piece, is given a very busy production by David Freeman and some interesting (as far as the work allows) performances by Christopher Robson, Sally Burgess, and Marie Angel. Jonathan Miller's updated Tosca continues in repertory, with Phyllis Cannan in the title role; another and much more successful Miller updating, the non-Japanese Mikado, now has Susan Bullock, Ann Howard, and Dennis Wicks alongside Eric Idle's Ko-Ko (836 3161).

Royal Opera House, Covent Garden: Royal Ballet again offers Swan Lake.

ITALY

Rome, Teatro dell'Opera: Revival of Visconti's production of Don Carlo conducted by Gustav Kuhn with Katia Ricciarelli (alternating with Margaret Price), Giacomo Aragall (alternating with Luis Lima) and Renato Bruson (46 17 55).

Parma, Teatro Regio: Orfeo ed Euridice, conducted by Arnold Ostman. A new production by the Teatro Regio directed by Luciano Damiani, who also designed the scenery and costumes. Kathleen Kuhlmann sings Orfeo. Gunnel Bohman, Euridice and Lucette Bizzi Amore. (79 56 78).

Naples: Carla Fracci and Gheorghe Iancu dancing Romeo and Juliet, to Prokofiev's music, with choreography by Roberto Fascilla. Also, Bellini's Norma conducted by Zoltan Pesko, with Ghena Dimitrova, Maria Dragoni and Nunzio Todisco. (797 2412).

Venice, Teatro la Fenice: La Boheme conducted by Emil Tchakarov and directed by Piero Faggioni, with Renata Scotto, Raina Kabaivanska, Elena Zilio, Jose Carreras, and Leo Nucci. (71 01 61).

NETHERLANDS

Amsterdam, Muziektheater. The Barber of Seville from the Netherlands Opera, directed and designed by Dario Fo, with the Netherlands Philharmonic conducted by Richard Buckley, Zehava Gal (Rosina), Frank Lopardo (Almaviva), and J. Patrick Raftery (Figaro) (Tue). The Nederlands Dans Theater with Frankenstein (Kylian/Gruber), Wiegalied (Kylian/Berg) and Uccelli (Duato/Respighi) (Wed, Thur). (255 455).

Arnhem, Musis Sacrum. The Rijnstad Operetta Company with Der Zigeunerbaron by Johann Strauss, conducted by Casper van der Vinne (Thur). (51 61 91).

Arnhem, Schouwburg. The Introdans company with Bourrasque by Nils Christe, White Streams by Ed Wubbe, and new ballets by Ton Wiggers and Hlif Svavarsdottir (Wed, Thur). (42 27 41).

Saleroom/Annalena McAfee

Kangxi vases double

A pair of Kangxi famille verte rouleau vases was the top lot at Christie's sale yesterday of fine Chinese export porcelain and decorative works of art. The vases fetched £18,700, nearly double their original estimate. The buyer was the London dealer Bernheimer.

Another Kangxi piece, a large blue and white dish painted with a four-clawed dragon, was bought for £8,250 by the London dealer Eskenazi. A 16th-17th century Ming figure of a seated warrior fetched £6,050. The buyer was a private collector.

A Spanish dealer successfully bid for a five-piece Qing dynasty cloisonne enamel altar garniture, paying £5,500 for the set, which included elephant candlesticks and vases. The same price was paid by a London dealer for a cloisonne enamel and gilt-bronze tripod censer and cover, also from the Qing Dynasty.

A large Kangxi famille verte dish, painted at the centre with musicians surrounding a dignitary, was bought for £5,280 by an Italian dealer. The sale made a total of £244,684 with 13 per cent bought in.

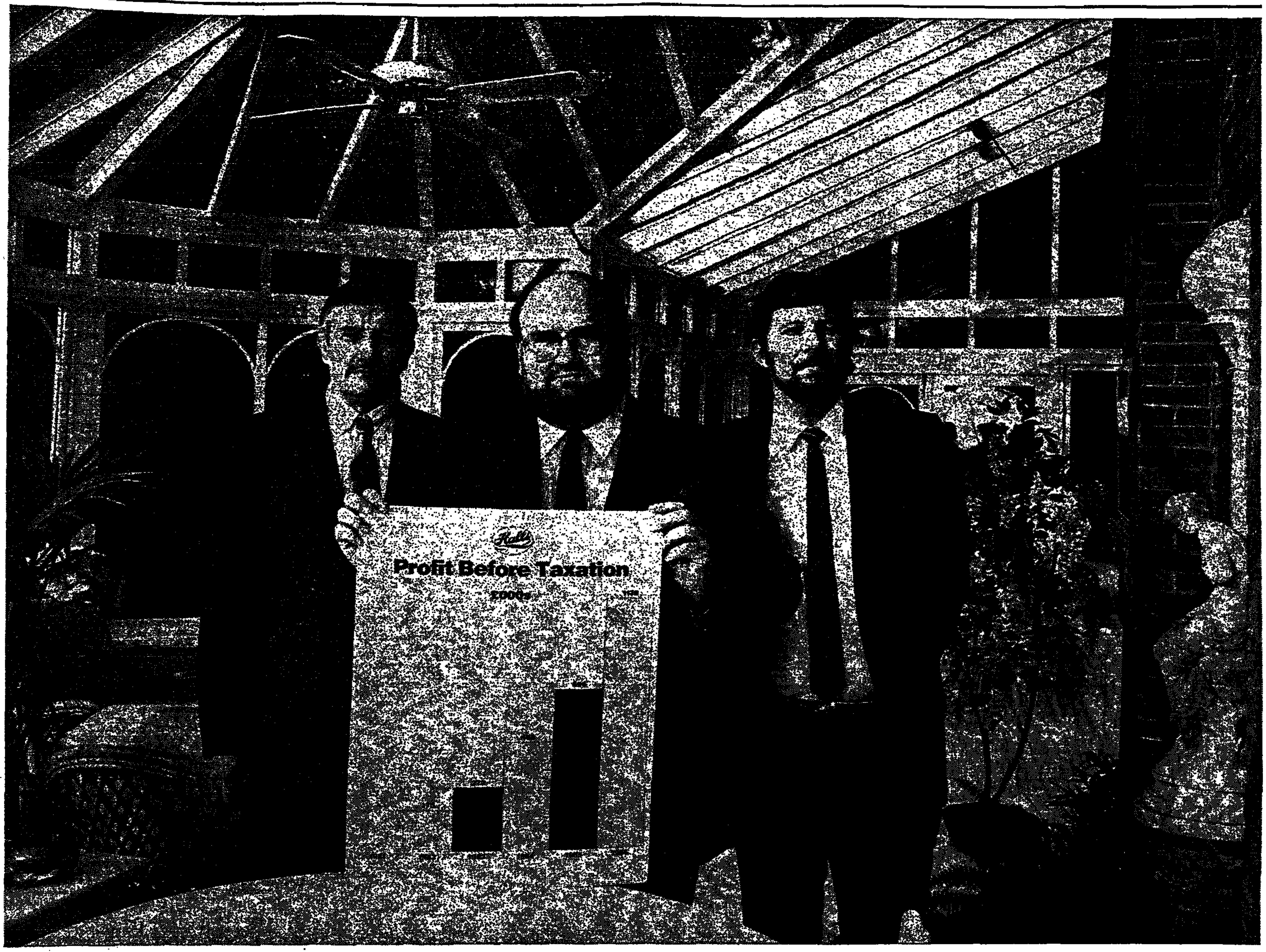
Every lot was sold on Sunday in Sotheby's Amsterdam sale of 10 sculptures, mostly oil on wood and panel, by Karel Appel. The sale realised a total of DFl 954,500 (£275,072). The top lot was a 1966 piece "l'homme avec chapeau comme le ciel," which fetched £36,455. The buyer was a US private collector.

"La vierge noise," also executed in 1966, was bought for £34,798 by a Dutch private collector living in Venezuela. "Le poisson," on a painted cube base, sold for £33,142 to a Dutch dealer. The same price was paid by a British private buyer for "Tete soleil." "Personnage," an oil painted hanging wooden relief, signed and dated 1967, fetched £31,484. The buyer was a US private collector.

In New York on Saturday, Sotheby's sale of 19th century furniture, decorations and works of art, made $1,112,075 (£665,913) with 10 per cent bought in. The top lot was a pair of monumental Sevres covered vases with painted panels of maidens and a suitor. An anonymous buyer paid £46,107 for the pair. A later pair of Sevres gilt-bronze vases was bought for £26,317 by a dealer.

Another dealer paid £19,760 for a Napoleon III gilt-bronze and Sevres mounted onyx centre table, circa 1860, with gilt-bronze putti playing flutes. A fine pair of Napoleon III gilt-bronze mounted ebonized vitrines was bought for £17,784 by an anonymous collector.

THE ENTREPRENEURS



When Ray Cooke, Clive Gregory and Norman Gibbs bought Halls Homes & Gardens from Pentos on New Year's Day, 1982, net annual profit was £1,000. Nevertheless, Citicorp Venture Capital had been sufficiently impressed to raise £3.4 million cash to fund the buy-out by the management.

Following a highly successful entry on the USM in December, Halls announced 1986 profits of £1,139,000 on 19th March, and today the Company is capitalised at £17.5 million.

Success has come from growth, from re-designing and extending the ranges, which has resulted in spectacular sales growth, both at home and abroad.

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The Company has also invested in new production facilities to meet increasing demand, and Halls' determination to continue to promote the high quality consumer products required by their customers bodes well for the future.

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Tuesday March 24 1987

Japan fails another test

The Japanese are wrong to have reduced to the point of near absurdity Cable and Wireless's attempt to help provide a second international telephone service. This judgment derives not from the particular merits of C&W's case, or those of its similarly afflicted US counterparts, Pacific Telesis and *Merrill Lynch. Rather, it* stems from the inescapable conclusion that Japan has yet again resorted to truly opaque decision-making and thereby muffed another opportunity to demonstrate its internationalist credentials.

Japan can fairly claim that other industrialised nations either ban or severely restrict foreign participation in mainline domestic telecommunications markets. But the increasing fragmentation and sophistication of telecommunications services are opening some large cracks in previously closed doors. Japan itself explicitly recognised this fact in its own recent telecommunications legislation by inviting foreigners to bid for certain sectors, including up to a one-third share of the proposed new international telephone company.

Though hardly a paragon of deregulation, the new laws did provide Japan with a chance to demonstrate that it was open to foreign investment and technology. Its telecommunications companies have, after all, been enjoying great success around the world, especially in the US where liberalisation has proceeded apace. It made political sense for Japan to offer something in return, even to lead the way.

Moreover, it matters in this context that Japan's international telephone service, the preserve of KDD, a publicly quoted company, was, and is, notoriously in need of improvement. Whereas its domestic monopoly counterpart, NTT, has most of its vital organs in reasonable working order, KDD has long been a textbook example of restrictive practices. As all Japanese and many visitors to the country know to their cost, it provides indifferent, antiquated service at exorbitant rates.

Conflict

KDD, and for that matter NTT, had remained inviolable because of their impeccable political connections. In a national political system built on patronage, few preserves have been as fruitful as the Ministry of Posts and Telecommunications (MPT), which runs not only the telephones but also Japan's vast postal savings system. It used to be a backwater department of government devoted more to financing the ruling Liberal Democratic Party, and in particular the predominant Tanaka faction inside the LDP, than to serving the Japanese public. Its old habits appear to be dying *hard.*

There has been a battle royal inside the Japanese bureaucracy between what might be described as the forces of darkness, whose priorities are exclusively domestic, and those of enlightenment represented, with some qualifications, by Prime Minister Nakasone and ministries like the International Trade and Industry (MITI) and Foreign Affairs. In financial deregulation, for example, there has been sharp conflict inside the Ministry of Finance with the liberals, rather surprisingly, making big gains over the conservatives. No such revolution appears yet to have taken place at MPT, even though it has become, de facto, an international department. If anything exposure seems to have sharpened its protectionist wits.

Lobbying

Japan's leading companies play a large part in this process. It appears that their perception of an equitable *sharing* of domestic business does not yet automatically extend to consideration of foreign sensibilities. Merging the two consortia bidding for the second international telephone service is standard practice in a country which likes to share the spoils around. But it was brought about at meetings between government and corporate officials from which foreign representatives were, yet again, excluded. Thus denying C&W and the US companies execu*tive directorates in the merged* company merely added insult to injury.

The Japanese have long, and rightly, complained that too often foreigners do not try hard enough to do business in Japan. It may be that C&W, with its curious colonial history, is a hard company for the Japanese to understand, but it and the British Government had put in some active, effective lobbying in Tokyo. Together they had behaved rather as Japanese government and industry behaves in pursuit of overseas markets. To effect secret deals that deny them access to both the deliberative processes and the domestic market is to fly in the face of Japan's own standards and preferences.

How to counter Opec's revival

PUBLIC IMAGINATION hardly seems receptive to the cries of a modern Cassandra, warning that another energy crisis is lurking, like the besiegers of Troy, just over the horizon.

In the more stately economic struggle of modern times—between the producers and consumers of oil — there is a similar danger that the West will be lulled into a false sense of security by the fall of oil prices and believe that the western economies are now freed from the danger of siege by the Organisation of Petroleum Exporting Countries.

However, last week's report *by the* US *Department of* Energy — echoed by Exxon yesterday — is a sombre reminder that time is on Opec's side. The major producers need only wait a decade or so to be in a commanding position to exact a huge tribute once again *from the industrial world,* driving it perhaps a second time through the dreary cycle of stagflation and unemployment.

Consumption rising

An action replay of the late 1970s and early 1980s is not inevitable. The West ought to be better prepared, energy users more adaptable and the oil producers may prove more sensible than they were in 1979-80. However, the arithmetic of the oil market is beginning to look worrying, especially for the US, as the Paris - based International Energy Agency has discreetly pointed out.

The decline in crude oil prices from a peak of about \$27.50 per barrel in 1985 to about \$15.50 last year has been good for consumers, for inflation and for the economies of the West, but it has put oil consumption back on a gently rising trend and caused a major cut in exploration and a significant fall in production in the US and elsewhere. By the end of last year, US oil production was down to about 8.7m barrels per day compared with an average about 10.3m b/d in the first half of this decade.

Reduced exploration and buoyant consumption, running last year about 2.5 per cent higher than in 1985, is likely to increase the US's dependence on imports quite rapidly; by 1990, the US may be importing about half its oil requirements; and since the US accounts *for* 45 per cent of the industrial world's oil consumption, a supply shortage would affect the whole world.

At present rates of consumption, the US's reserves would run out in about 11 years, and by the end *of* the *century* the UK's North Sea output will be reduced to a relative trickle. In the absence of a major discovery the advanced economies must inevitably become more dependent on the Middle East.

The answer, for the US and all other Western economies including the UK, must be to continue the steady process of reducing dependence on oil which was so successful after the two oil shocks of the 1970s, particularly by conservation measures.

Unfortunately, there are many forces in the US, against taking the longer economic view. Politicians for example are reluctant to put up gasoline taxes to European levels, even though experience shows this could *promote* fuel economy. Private electricity utilities are reluctant to embark on large capital projects even though power shortages are predicted for the 1990s. No new nuclear station has been ordered since 1973 without being cancelled.

Wrong solution

The wrong solution, as the administration knows, would be to give way to short-termism which includes lobbying for an oil import tax. Although higher domestic *oil prices* might raise exploration levels a little, this would be at the expense of the economy as a whole. The US would be better served by continued efforts to deregulate the gas market and to encourage more flexible markets in electricity.

In the longer term, as oil becomes scarce, the advanced economies will need to depend more heavily on nuclear power, even if alternatives like wave and tidal power are developed to the *full. This requires a sus*tained effort in the next decade or so to improve nuclear safety and public acceptance.

EUROPEAN REGIONAL POLICY

Dilemmas of the great divide

By Hazel Duffy

THE RICH regions of Europe are getting richer. The poorer, relatively, are becoming more impoverished. But governments, after decades of scattering money over their disadvantaged regions — much of it used in a Dutch auction in an attempt to capture inward investment—*have started to cut* back.

The paradox is that as the gap between the "have" and "have not" regions has widened, the desire to spend a way out of it has diminished.

Partly this is because governments have come to the conclusion that they have not been getting value for money. And partly it is because, intent on reining in public expenditure, they simply do not have the money to spend.

In the past decade or so, governments have shrunk from interventionist planning; there is little stomach today for the politics that directed Chrysler to Scotland, Renault away from the Paris basin, and Alfa-Romeo to Naples.

The result: left more to their own devices, regions which have a strong economic base on which to build, and/or geographical advantages, have grown. The others have shrunk.

Governments remain well aware of the social implications of poverty *amongst plenty*

But more and more they are edging away from regional policies based on financial incentives, in the search for cost effectiveness.

Europe's regional problems fall broadly into two categories. In the UK, France, Belgium, the Netherlands and West Germany, the decline of traditional industries like coal, steel, shipbuilding and textiles, have wrought havoc with government policies designed to spread economic wealth evenly.

The decline of these industries has widened the gap between prosperous and less well-off areas in the UK. Figures released recently by the Employment Department show that the South-East and South-West *have been the greatest* beneficiaries of the growth in service jobs over the past few years, balancing the loss of manufacturing employment.

Continental Europe has its parallels. Even in Germany, Europe's strongest economy, the contrast between *high-tech* Bavaria and the heavy industrial base of the Ruhr, is inescapable.

The other big regional problem is the persistent rural under-development in large parts of Europe—particularly the Mezzogiorno in Italy, and the countries located on the periphery of Europe: Greece, Portugal and Ireland. The Community's attempts to get to grips with farm surpluses are likely to create a new kind of rural problem.

Another, lesser factor must be recognised in northern *Europe, which is increasingly* becoming prey to a southwards drift; the warmer climates of southern Britain, France and Germany, and a sometimes easier style of living, are beckoning people away from the North, where much of the traditional industry is located.

Although regional problems have continued to grow, the areas which governments designate to receive financial incentives have shrunk. Professor Kevin Allen's team at Strathclyde University's Centre *for* the Study of Public Policy, which conducts an exhaustive study of European regional incentives annually, estimates that six years ago, one-third of the working population in Europe lived in such areas—now it is nearer 24 per cent.

Financial incentives are the main carrot designed to stimulate industrial investment in the disadvantaged regions; all national governments provide them. In addition, the European Regional Development Fund provides funding, much of it to improve infrastructure in these areas, and the European Investment Bank makes soft loans available.

> Governments have come to the conclusion that they have not been getting value for money from their regional spending

National governments, as opposed to the Community, have tended to cut back the amounts spent on these incentives in the past two to three years. But they have tried, at the same time, to make them more effective.

Apart from Britain, which has had a regional policy for much longer, most of Europe introduced such incentives after the Second World War. Now they are coming under scrutiny. Major policy reviews or important new legislation concerning incentives have been introduced in nine of the 13 countries (EEC plus Sweden) covered in the Strathclyde study.

In Britain, regional development grant payments dropped from a high of £812m in 1982-83 to £365m in 1985-86 (1986 prices).

Somewhat to the Government's embarrassment, a surge in applications and payments in 1986-87 pushed the bill up to between £700m and £800m again, but the plan is that the total will drop again substantially by the end of the decade.

France has cut regional grants even more drastically, by two-thirds since 1984 to FFr 300m (£30.6m) in the current year, although the regions themselves have been empowered to spend a bit more. In Denmark, the Government has withdrawn soft loans to companies in assisted areas. In the Netherlands, cuts in prospect over the next three years are expected to affect mainly infrastructure grants.

Governments have also made their grant structures more flexible. The main incentive continues to be the capital grant, but it is more closely geared to job creation and preservation.

Grants have been extended in most countries to service industries (though not to "local" services). More importance is attached to training, both of young people and those made redundant. More imaginative approaches have been introduced, to encourage company start-ups, for example; assistance for consultant studies is frequently available, and even patents and licences have become eligible.

Concentrated efforts on a number of fronts, instead of piecemeal help, have been devised for areas which have poor chances of creating new economic bases on their own. The definition of infrastructure projects qualifying for funding has also been widened to include advanced telecommunications links in depressed and under-developed areas. Both of these approaches have also been adopted by the administrators of the European Regional Fund in an effort to concentrate help and make it more effective.

Some commentators, however, are increasingly seeing incentives as no longer powerful enough to counter economic trends. "The grants structure has moved away from over-concentration on manufacturing, but some of us question the implicit belief that services and new technologies hold the key to the future in these areas," says Dr Ron Martin, Cambridge University geographer. "Services can be just as subject to international competition as manufacturing. Where they are not—services fulfilling a local need — they depend heavily on the incomes of people living in the area."

A fresh approach to the problem is perhaps of particular *importance in Britain and* France, which both have strongly centralised government and administration

Their systems contrast with the German federal structure, where the 11 Laender have considerable political and economic powers, strong regional identities.

The importance of regional *institutions* is *increasingly* recognised by politicians in Britain who are unhappy with the ineffectiveness of present policies in dealing with the regional divide.

In France, a commission of *industrialists and administra*tors under the leadership of Mr Olivier Guichard, a Gaullist and former minister in the Pompidou government, has recently conducted an extensive review of regional policy.

Mr Guichard's report, now be*ing considered by the Govern*ment, confirmed the need for financial incentives (he did not argue, however, for an increase) and called for a strengthening of Datar, the State regional development agency, whose powers have been eroded in *recent* years.

But Mr Guichard also believes that institutions are not enough. "The big issues affecting the regions are still decided at the centre," he said recently in Paris. "What is needed is that the regional implications of *such decisions be taken into* account at the stage when policy is being prepared, not afterwards."

To look to central policy-making might been seen as a typical French response to the problem. In Britain, former Cabinet Ministers Michael Heseltine and Leon Brittan believe development agencies are the only solution for the English regions, similar to those in Scotland and Wales. The Labour Party and the Alliance have promised agencies if they win the election, coupled with more local government powers (Labour), and regional government (the Alliance).

While individual governments are cutting back on regional aid, Jacques Delors, President *of* the European Commission, is seeking to double the money going to the Regional Development Fund over the next five years as part of a much wider bid to bring the poor countries and regions of the Community more in line with the prosperous.

There are two aspects of Community policy. The first relates to the amount of money going from Brussels to the regions mainly through the fund. The second relates to regulations on the way national governments can spend.

The Fund is hampered by the fact that it is primarily a means for transferring money back to governments, the sum agreed last year totalled just over Ecu 3bn (£2.1bn) although actual *payments were Ecu 2.4bn.* In many cases, this went on projects that the government would have undertaken anyway. "It is not a real Community policy in the sense of achieving common aims or taking joint *action and the Community as* such gains few advantages from it," wrote Sir Michael Butler, Britain's former representative to the Community, in his recent book, Europe: More Than a Continent.

Brussels is trying to win more *discretion* over *the* way *the* money is spent. The Europolitics of the Fund, however, are complex. The Mediterranean members want more from *it,* in return for the benefits that the developed countries will get from the full internal market in five years time. Germany, which gets only a tiny amount from the Fund, believes it should be more of an instrument to boost the prosperity of the poorer members, but that this would only work *if the more advanced countries* agreed to be net contributors.

Meanwhile, Bonn is in heated conflict with Brussels about how much of Germany should be eligible for regional aid paid by the Bonn government. This is where the second strand of the Commission policy comes into play.

The aim is that better-off regions should not benefit from aid that adds up, in Brussels' view, to a distortion of competition.

The arguments over regions always come down finally to "pork barrel" politics. Even in Britain, the free market philosophy of the Thatcher government has never seriously been applied to regional policy. The nearest "new thinking" on the subject has come from Mr Nicholas Ridley, the Environment Secretary, who puts forward the theory that the high costs of the south of England will push companies and people to move ultimately to the lower-cost regions; likewise, the efforts of some Ministers to push for greater differentiation in pay rates between the regions.

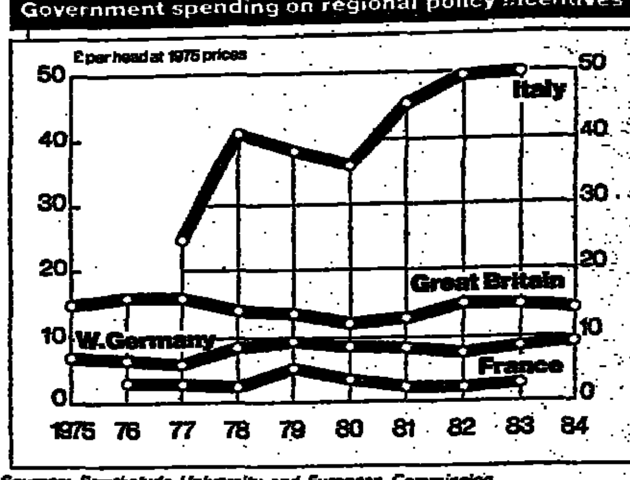
But even Mr Ridley's theoretical faith in market solu*tions to regional policy* has, in practice, been buttressed by an *extension of the urban develop*ment zone concept.

This is the kind of dilemma, not to say self-contradiction which regional policy throws up. Politicians simply cannot afford to see seriously widening disparities of prosperity.

So even if academic research shows the effects of regional aid to be marginal, the search for new methods is likely to continue. The challenge is to improve the delivery mechanism and that, for most countries, means getting right the balance between central governments' desire for consistency and the need of local government and its agencies to be strong and to feel autonomous.

HOW THEY COMPARE

Government spending on regional policy incentives



Sources: Strathclyde University and European Commission

Men and Matters

Tebbit relives desperate days

ANY fears within the Tory hierarchy that they might give additional credence to the Alliance bandwagon by attacking it were well hidden at yesterday's Conservative Central Office "tenth anniversary party"—an event staged to remind voters of the last occasion members of the Alliance had a hand in government.

Norman Tebbit, the party chairman, was the host at the Conservatives' Smith Square headquarters. And it soon became clear that the social niceties usually reserved for such occasions were not going to be extended to his political opponents.

In the sort of full-frontal assault calculated to make more nervous supporters spill their sherry, but which clearly works wonders for the party chairman's own adrenalin, he clamed Neil Kinnock had done a good job in destroying Labour. Now Central Office intended to help David Steel and David Owen arrange the same fate for their own parties.

With the help of poster-sized newspaper headlines and graphic video reminders of strife in the streets, Tebbit proceeded to recall the 1976-78 Lib-Lab pact, and the final, desperate days of the Callaghan government.

In warning of the dangers of another coalition government *he went back as far as Dr John*son, who had concluded that "a second marriage was a triumph of nope over experience."

He acknowledged that the Liberals, under David Steel, had backed out of the pact well before the disastrous "winter of discontent" in 1978-1979. But he claimed it would never have happened if the Liberals had not connived to sustain the Callaghan government beyond March 1977.

One person not invited to the party was John Cartwright, the Alliance defence spokesman, who, discussing the Tory festivities later, casually recalled the old ballad, "It takes a worried man to sing a worried song."

"The shakeup at BBC News seems to have started early"

After Lucas

The resignation from the Confederation of British Industry of the key Midlands motor components group Lucas Industries, has been greeted with wry amusement by some other industrialists in the region.

For few people were in a better position to know how the CBI serviced members in the Midlands than the Lucas man who speaks for the group, Dr Kevin Hawkins, director of corporate affairs. He used to be the CBI director in the West Midlands.

The man who succeeded him, Jim Cran, may also be forsak*ing the CBI soon. He has been* selected as the prospective Conservative candidate for Beverley, Yorkshire, where the party had a comfortable 14,000 majority at the last election.

He promises, however, to continue to champion the CBI's cause if he goes to Westminster —"I have great affection for the organisation and the work it does."

Appeal of summer

A certain amount of distress will be caused among the Lords Justice of Appeal, and within the Inns of Court, as a result of a decision by Sir John Donaldson, Master of the Rolls, that the Court of Appeal will, in future, be open for business in August.

It looks like the last nail in the coffin for London lawyers' traditional two-month summer holiday. The blow falls only a week after a recommendation from the Lord Chancellor's civil justice review committee that the summer court recess should be scrapped altogether.

Seven of Sir John's 24 Appeal Court judges will be required to sit during the first half of August — the first time they have been deprived of a complete break for that month. Nine will be on duty in September.

The judges *get time off* in lieu when they have to work during the court vacations. Not so barristers — whose reaction to Sir John's interference with their holidays is said to be, to say the least, mixed.

"It won't be very popular," is the considered view of one barristers' clerk. Another thinks there will be a split between the older members of the bar (for whom August and September have traditionally been sacrosanct months for innocent pursuits) and the younger ones, who are said to be eager to earn a crust any day of the year.

Off-centre

The Bank of England is about *to lose its second Kit. After* the departure of Sir Kit Mac-*Mahon* for Midland Bank, it is now the turn of Kit Farrow, who is leaving to join the corporate finance department of Kleinwort Benson.

For the past three years Farrow has been the assistant director of the Bank responsible for regulation of the non-banking part of the City. That means the commodity markets (where he dealt with the tin crisis), Lloyd's, the Stock Exchange, and most of the aspects of the Big Bang.

In fact it is hard to imagine anyone who has been closer to unfolding events in that time, and Farrow admits: "I feel some regret at moving away from the centre of the scene."

How does he feel Big Bang had gone? "It's coped very well with the immediate upheavals. But the effects of changes in power and ownership will take some time to come through."

Does a bloodbath still lie ahead? "I would not be surprised if there is a competitive adjustment ahead," he comments in true "central bankerese."

The move actually marks a return to Kleinworts for Farrow, who was there briefly on secondment from the DTI in 1982-83 as an assistant director, also on the corporate finance side. He will be succeeded at the Bank by Michael Hewitt who has been concerned with *the regulation of the securities* markets.

Jolt promised

America's health fad taste for soft drinks which are artificially sweetened low in sodium, and devoid of any stimulants, was bound to provoke a backlash.

Jolt is a new cola drink, for which its makers promise: "All the sugar and twice the caffeine."

Observer

Letters to the Editor

The stock market is myopic and inefficient

From Professor S. Nickell and Dr S. Wadhwani

Sir, — On March 16 Dr Ian Cooper and Professor Paul Marsh of the London Business School attacked a paper of ours on "short-termism" which was originally discussed by Clive Wolman (March 3). They claim that our main result, namely that the stock market is myopic and therefore inefficient, is wrong for three reasons: virtually everyone who has looked closely at the large body of existing research believes that the stock market is neither myopic nor inefficient; the existing research itself does indeed bear this out; and that our statistical methodology is flawed.

The first of these is hardly a reason, and since Professors Arrow, Modigliani and Tobin, for example, have all seriously questioned the efficiency of the stock market, it is not true either. The second is very much a matter of judgment, but the well-known research of Modigliani and Shiller points strongly in the direction of inefficiency and has yet to be decisively rebutted. As for the third reason, the pages of this newspaper are hardly the place to undertake extensive discussions of statistical technique. Suffice it to say that we simply used standard methods for analysing the kind of longitudinal data in our possession and that we have some expertise in this area.

As Cooper and Marsh point out, researchers have, for decades, been debating whether or not the market regards £1 paid in dividends as being equal in value to £1 received as capital gain. Their view is that the debate is now, to all intents and purposes, concluded and that the evidence indicates that they are, indeed, equivalent. Given this, it is curious for example, that the so-called "Dividend puzzle" remains a puzzle. This refers to the fact that, in the US, companies continue to pay out dividends despite the serious tax disavantages relative to rewarding shareholders in the form of capital gains. This fact appears to be somewhat at variance with the equivalence result noted above and is described by Professor R. Brealey (London Business School) in a noted textbook as one of the 10 unsolved problems in finance. In fact, the whole business is very much further from being resolved than Cooper and Marsh indicate.

Finally, on a slightly carping note, we were described by Wolman as two "econometricians" and by Cooper and Marsh as two "labour economists." These categorisations, while they may have been useful for enhancing their arguments, are inadequate descriptions of reality. We are simply economists, although one of us is, in fact, lecturer in the working of financial markets!

Prof Stephen Nickell.
University of Oxford.
Dr Sushil Wadhwani.
London School of Economics, Houghton St, WC2.

Penalty on the job changer

From Mr J. Ferguson

Sir,—There appears to be no prospect of disabusing the higher echelons of the Civil Service of the idea that the person who changes his employer during the course of his working life is, at the best, a social misfit or even a dangerous psychopath. It is, however, surprising that the Chancellor, perhaps unwittingly, has allowed himself to be influenced by this view in his latest Budget proposals to eliminate the alleged abuses of pension scheme tax privileges.

A 25-year-old now earnings £10,000 pa would, if he enjoyed salary increases of 7 per cent pa, be receiving a salary of £150,000 pa at age 65. If he were to remain with the same employer throughout his working life he would be entitled to a maximum tax-free cash sum on retirement of £225,000. Were he, however, to change his job but once the Chancellor proposes to cut this lump sum to £150,000.

Twenty-five-year-olds are not going to be deterred from changing jobs by pension prospects but the budget proposals on pension schemes in being applied only to new members of existing schemes and to new schemes place a penalty on the job changer which is very serious for older people. This undoes at a stroke much of the Government's legislation on pensions in the recent Social Security Acts.

If the existing rules on pension schemes are abused then they should be changed for everyone not just for those who choose, or are forced, to change employment.

John L. Ferguson.
83 Howard's Lane SW15.

Lighting up a Coronary

From the Director, Public Affairs, Tobacco Advisory Council

Sir,—Joe Rogaly's article "Lighting up a Coronary" (March 19) made some observations which surely call for comment. By suggesting that smokers do not pay their way, Mr Rogaly appears to have no appreciation that each day Britain's 18m smokers provide £15.5m for the National Exchequer, and that as a recent answer to a Parliamentary question made clear, tobacco tax has increased by 180 per cent since 1979, with the RPI equivalent figure standing at 84 per cent.

Is that situation not reasonable cause for at last exercising a brake on such a punitive revenue milch?

And then there seems to be an assumption that a duty increase would necessarily depress aggregate cigarette consumption significantly, but today's market conditions make such an assumption highly questionable. What has been happening for several years—and what would certainly have been accelerated had the Chancellor imposed a yet higher tax take—is a trading down from quality British made products to the much cheaper, marginally costed imports. These have been flooding in from Germany at prices some 20p lower than our own domestic brands, obviously appealing to smokers who seek to offset duty increases.

In effect each year the Chancellor has merely exacerbated the trading down, markedly reduced the sales of UK made cigarettes and directly contributed to solving unemployment problems in Germany at the expense of jobs over here. In just three years the imports share has jumped from less than 0.5 per cent to over 10 per cent.

Meanwhile, and this is the important point, the overall decline in the total consumption of cigarettes in this country has been small.

The Chancellor has been accused of doing nothing in his Budget to stem the flow of imports generally. In the case of cigarettes he has undoubtedly done a great deal, and demonstrated a sensitivity toward a state of affairs of serious and growing concern to at least one industry.

A. D. C. Turner.
Glen House, Stag Place, SW1.

The Leyland-Daf merger

From Mr J. Bramall.

Sir, — Further to my letter (March 4) and that of Mr P. Oppenheim MP (March 9) on the same subject, may I make the following comments?

Unfortunately a particularly important part of my letter was omitted regarding recent market developments namely that "removal of Bedford from the marketplace and the change in the value of European currencies against the pound is likely to put British producers and exporters into profit in 1987, the European producers will have to accept losses or increase prices this year. British truck makers, engine builders and component suppliers were all likely to gain considerably this year. Leyland in particular was forecast to gain most . . ." Leyland's losses which had been running at around £1.5m per week would have been a thing of the past.

The DAF chairman interviewed on TV recently said that with the debt write-offs, Leyland would be in profit from day 1. He also added that he expected the merged group to make at least the same amount of profit this year as DAF had made on it's own last year. Confident statements from one who should know.

As regards Mr Oppenheim's specific comments on my letter I recognise that IH played a role in the development of DAF trucks as a major force in Europe. IH did help develop an indigenous Dutch truck building industry. The Dutch Government played its part by ensuring that DAF continued to develop following the withdrawal of IH.

The likelihood of a possible light truck deal between Freight Rover and Volvo, Scania or indeed Pegaso was a matter of opinion. It is now merely academic.

As regards the main thrust of Mr Oppenheim's argument about the relevance of industrial strategy to a modern economy, I accept that excellence in education and training, support for business and enterprise, large developed markets and control of government spending are important prerequisites of industrial success. I also believe that industrial strategy is important if British industry is to take maximum advantage of opportunities now and in the future. It is important that we identify what we do well and build on that, we should also identify wht we want to do in the future and develop the capabilities to compete.

The truck industry has a long term future. What Leyland needed was support not a sell-out.

I do not suggest that "strategies" and "plans" should be dreamt up by politicians to be implemented by bureaucrats, far from it.

What I would like to see is the British Government backing British industry, British management and British workers. I consider it has taken the "easy" option by giving the problem and the assets to a foreign company who seem to care more about manufacturing industry and can see its strategic importance rather better than our Government does.

John Bramall,
41 Bingham Park Crescent, Sheffield.

Piggy back BR traffic

From the National President, National Union of Railwaymen.

Sir, — Mr Donald Davies (March 17) raises some very interesting issues on the potential for piggy back traffic on BR.

Piggy back traffic is developing rapidly on the continental mainland and if BR is to take maximum advantage of the opportunity offered by the Channel tunnel it must look at the issue.

Mr Davies is probably right in suggesting that initially we should consider clearing track to London for piggy back trains, though not necessarily by building new track. It would also be sensible to aim for services to Glasgow and also to Ireland (a deprived peripheral zone in EEC eyes) through Fishguard or Holyhead.

Undoubtedly, this would be a costly exercise and in its current parlous financial position the BR board would not attempt to justify the investment. But it could be justified in a cost/benefit appraisal because of fuel savings, road damage and road accident savings and environmental improvements. In other words, national, not BR, accounting is required.

The EEC is actively promoting combined transport operations (piggy back, container and swap bodies) with tax rebates and quota incentives to road hauliers but the UK Government refuses to implement these proposals — the only country in the EEC to take this negative attitude.

The Government and BR seem unwilling or are unable to grasp the full significance of the Channel tunnel for Britain. Indeed, I sometimes think BR is trying desperately to minimise investment requirements for fear of upsetting the Dept. of Transport.

Unlike the rest of Europe we do not "think railways" in this country. Is it not astonishing that the Government can authorise a major motorway through Kent to connect with a direct rail link from Europe, but refuses to sanction a new railway line because, according to Mr Nicholas Ridley, it would be "environmentally damaging"?

Alan Foster.
Unity House, Euston Road NW1.

The increase in unemployment

From Mr. R. Cook.

Sir,—Mr J. Smurthwaite attributes (March 19) a large part of the increase in unemployment since 1979 to the continuing impact of Selective Employment Tax introduced to cope with the financial crisis induced by Denis Healey. But Selective Employment Tax was introduced in 1967 under the chancellorship of James Callaghan, and had been abolished before Denis Healey ever became Chancellor of the Exchequer.

Robert Cook,
105 Portland Road, W.11.

Delightful towns and unwanted developments

From the Chairman, Consolidated Metal Co

Sir,—Colin Amery's comments entitled "Unwelcome Mayfair development" (March 9) highlights the disastrous proposals being put forward by developers for a still superb part of London, but if he looks further afield he will see that it is not only London that is at risk.

The Weald of Kent where I happen to live still has some delightful small towns and villages but sadly they will certainly not remain so for much longer; in the past year or so applications for development have been flying thick and fast —two chain stores competing for a vast supermarket in the small town of Tenterden, another supermarket for Cranbrook just a few miles away, retirement homes in the old glebe lands of Brenchley, etc etc. The local papers tell the story, here's a selection from last week only: "Town will be ruined by retail park plan" (Maidstone); "Old people's ghetto plan under fire" (Brenchley); "County . . . selling part of playing field" (Hadlow); "Horrific plan for 28 flats" (Pembury); "Anger grows over holiday camp plans" (Goudhurst). "Playing field (disposal) rumour" (Ashford and Staplehurst). And so it goes on.

Any developments on the scale proposed will completely change the character of the towns and ruin them by making them into faceless suburban "shopping areas." Until quite recently the Borough and County planners were able to control the situation because controls were tight and planning decisions were backed up on appeal, but now Whitehall has relaxed the controls and planning departments have lost so many appeals that they no longer wish to get egg on their face so that now almost anything goes. And don't the developers know it! They couldn't give a damn about the countryside as long as their pet schemes with large profit potentials are approved. One has only to look at Ashford or Maidstone or parts of Canterbury and now Tunbridge Wells to see what a mess ill conceived development can leave behind for future generations. And bear in mind that once the green acres are covered in buildings, those buildings will be there for a few hundred years. Will be never learn?

Charles McKinnon
111 Carpenters Road, E15

From Mr J. Ede

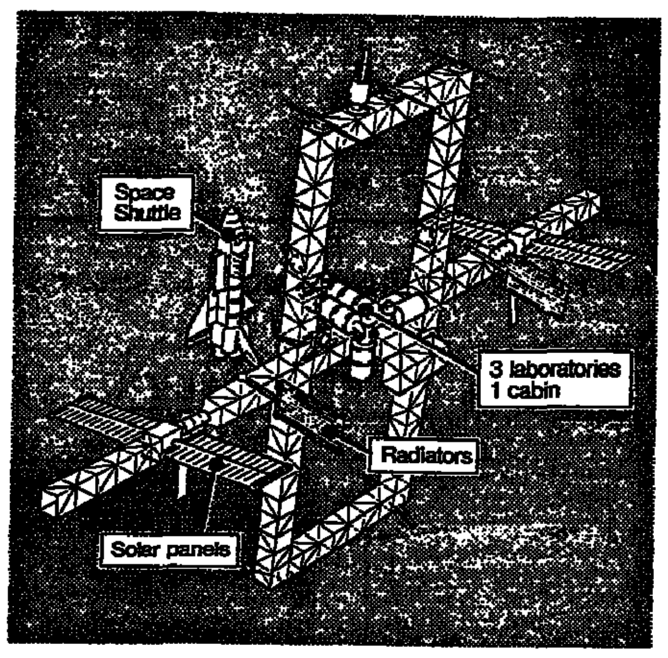
Sir, — I refer to Michael Coombes' letter of March 18. We represent the majority of the tenants in the block which is the target of his proposed development. All of us are horrified not only by the loss of our work premises but also by the scale of the scheme and the destruction of yet another part of old Mayfair. Mr Coombes raises a number of points in his letter with which I would take issue. In conjunction with Save Britain's Heritage we produced an alternative scheme at the public inquiry. This certainly did not consist of "patching up with minor improvements," but was a sensible approach to refurbishing the block along the lines of St Christopher's Place. His reference to providing a "missing link" for the Princess Arcade to St Christopher's Place shopping chain is therefore particularly ironic as it is that type of shopping area that we were proposing and not a shopping mall more suited to Detroit or Houston.

He mentions that his proposals allow for all the existing businesses to come back on the site or in many cases remain on site, but in our discussions with the developers they have not given one firm commitment on this subject. Such vague promises are not worth the paper they are not written on. Equally most people appreciate that trying to continue working in the middle of a major building site is to all intents and purposes impossible. His statement that there will be no loss of workshop or gallery space may be true in terms of square footage, but it is a miserable transition from large areas with good natural light to basement boxes.

His assertion that "so much of our buildings are now subject to the whims of fashion" is also ironic. This scheme was devised in the late 1970s and shows its age. Having deservedly been rejected twice, it is now thoroughly out of date. It is time that the developers went back to the drawing board for a completely fresh approach and stopped tinkering with a scheme that offers nothing but short-term financial gain.

James Ede (Chairman).
Save Lancashire Court, Avery Row, Bond St and Brook St.
37, Brook St, W1.

A VISION of the future, or a recipe for international squabbling? The question relates to an international plan to build a manned space station.



An artist's impression of the manned space station

Angst at the final frontier

Peter Marsh on the debate over a US-led space station plan

While habitats in outer space may appear esoteric to most people, the project has become grimly real for civil servants who have been discussing the scheme, in sometimes tortuous detail, for the past three years.

In recent months the officials, from the US, Japan, Canada and the 13 West European nations which form the European Space Agency (ESA), have grown weary. The discussions have become bogged down over the US's insistence on having the final say in deciding activities on board the base, which is due to enter orbit by the mid 1990s at an estimated cost of \$20bn (£12.5bn).

The impasse threatens to disrupt the schedule, according to which the countries should decide by the summer what the facility will look like and the basis on which it will be used.

Also at risk are lucrative contracts for building the base. The first batch is due to be let by the end of the year, mainly to US aerospace companies such as Rockwell, Boeing and Martin Marietta.

The base is planned to have three laboratories, provided by the US, Japan and Europe, cabins for eight people and robotic maintenance equipment developed by Canada.

According to its more enthusiastic proponents, the space station is a vital step in mankind's exploration of the cosmos. Besides acting as a staging post for manned and unmanned missions further out into the solar system, the structure promises to lay the basis for 21st century industries.

These businesses could include advanced forms of manufacturing, using zero gravity and airlessness to turn out novel catalysts and biochemicals. The station should also aid more down-to-earth activities, such as telecommunications and surveying.

There is a further, overtly political dimension. It is intended to be the democratic world's answer to the space exploits of the Soviet Union, which over the past decade has put into orbit a series of manned space stations.

The US proposed the space base in 1984 and then invited the other countries to join in. It wants the station to be more sophisticated than anything the USSR can develop.

According to US officials, it is perfectly proper for that country to control the station. It is easily the most experienced of the partners in space technology and is planning to put up about three quarters of the cash.

But the other nations suspect that, with the US in charge, they may not be allowed to use the base for certain types of commercially related experiments, in materials processing for instance, which could threaten the US's economic interests.

Moreover, there is a strong possibility that, driven on by its Defence Department, the US would use its supervisory position to allow military activities, such as research related to the Strategic Defence Initiative—Star Wars, which other participants might find distasteful.

Such is the depth of feeling that there are hints that some of them might drop out if their doubts are not cleared up. ESA has a charter which commits it to develop space technology only for peaceful purposes, so it is particularly anxious not to become part of anything in which the Pentagon is strongly involved.

One reason for the protracted negotiations is the realisation that the participants are journeying into the unknown. No one has more than a vague idea of who is going to use the station, what the ultimate benefits will be and how much it will all cost.

According to Mr Sa'id Musteshar, a London barrister who is an authority on space legislation, governments have had little experience in drawing up plans for such a grandiose venture—the nearest terrestrial equivalent being an international scientific base in the Antarctic.

Leaving aside such issues, it might seem odd that a group of countries discussing, on the whole positively, a partnership with the US are so suspicious.

This stems, in part, from the US's poor record in honouring the spirit, if not the letter, of previous space-technology agreements. For example in the early 1970s the US National Aeronautics and Space Administration (Nasa) asked ESA to build on its behalf Spacelab, a reusable workshop to fit into the cargo bay of a space shuttle, only later to deny the agency use of the facility at anything like an affordable price.

Strains also follow from the two principal motivations for the venture, which frequently push the partners in opposite directions. On the one hand, the station is an exciting scientific venture, a show of solidarity between the world's richest countries. On the other, if research on the station works out as planned, space-based industry is likely to become highly important, turning the collaborating nations into fierce commercial rivals.

The fledgling satellite-launcher business, an industry shaken by the Challenger mishap and by technical problems dogging Western Europe's Ariane rocket, has in recent years provided an illustration of the delicate balance between partnership and competition.

In the case of the space station, France has hinted that, if the US fails to budge on the important issue of who controls the base, it is ready to push for a separate, all-European station.

Western Europe is already planning to build Columbus, a \$2bn laboratory module intended to plug into the central US core of the base. ESA is also poised to authorise the development of Hermes, a French-inspired mini space shuttle.

The Columbus-Hermes combination could, so some believe, form the basis for an independent European space station, although the total cost of such a venture—conservatively estimated at \$10bn over the next decade—might prove prohibitive.

Negotiations appear to be reaching a crucial stage. Most observers believe that the participants have a couple of months to move towards each other, or risk seeing the project founder.

Highly important, however, is that the countries probably realise that agreement is in everyone's interests. The US needs cash contributions from elsewhere, if only because Congress may baulk at putting up all the money.

In recent months, Nasa's estimates for the US's part of the programme have shot up from \$8bn to nearer \$15bn.

The most likely compromise is an agreement not to outlaw military research as such on the station. But Japan, Canada and Europe would have a say on whether any especially sensitive activities, such as those relating to Star Wars, should be permitted.

On the commercial side, participants could do what they liked (other than activities which endanger the structure) in their own laboratories. The US would, however, be given overall authority for operational aspects.

This type of agreement would require a climb-down by the US negotiators. Nevertheless, hopes are high that a deal can be pulled off. An official from West Germany's research ministry said: "If you ask me, we are all condemned to co-operate."

FINANCIAL TIMES

Tuesday March 24 1987

Lionel Barber looks at the setbacks to success in a US Sunbelt boom-town

Crime robs Phoenix of its innocence

PHOENIX, Arizona, has always had its share of cowboys and crime, but lately things have got out of hand. In the last six months, the head of the city's police department, the local mayor and the new state governor (twice) have all had their houses burgled.

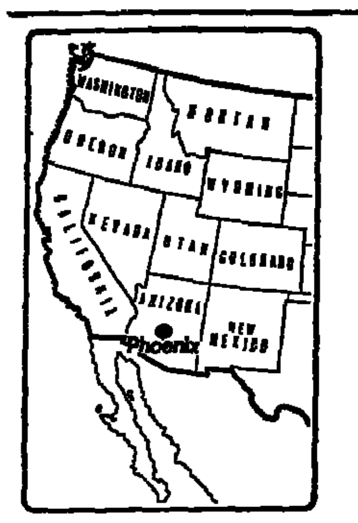
Last year, Phoenix hit the number two spot in the FBI's reported crimes league, a statistic which has not gone down well among the 30 different private and public bodies promoting the city as one of the most attractive boom-towns in the nation's sunbelt.

The locals like to blame the crime on the immigrants, gun-toting newcomers from Iowa and Montana. Anyone who has been in a scrap with a midwest farmhand might be tempted to agree, except for one crucial fact: Phoenix, just 75 years old this year, is a community of immigrants. The only genuine natives are Apache Indians.

The best vantage point to grasp what has gone wrong with this desert metropolis is probably Pinnacle Peak, the rugged mountain ridge on the north-east edge of the city. From there, the onlooker can see how Phoenix has spread itself across the Mesa valley plain, bursting out of its orderly gridiron road system in an all-consuming quest for growth.

Over the past 30 years, the city's boundaries have expanded from 17 square miles to more than 400. The population of Maricopa County – which includes the suburbs of Mesa, Tempe and chic Scottsdale – has grown from fewer than 200,000 to almost 2m. Phoenix itself has more than 900,000 inhabitants, making it the ninth-largest city in the US.

Urban planners, politicians and the local community now sense that Phoenix faces a choice. It can either become another Los Angeles, a big city with no heart and commensurately high crime figures. Or, in the words of Ms Ionna Morfessis, a Phoenix city planner, it can shape and control its growth and become "the heart of the south-west of the United States."



Like many other US cities, Phoenix, Arizona has its share of cowboys. Gun-toting newcomers have been blamed by the locals

Phoenix's growth is founded on a remarkable postwar transformation in the local economy. Once based on the three C's – copper, citrus and cotton – it has moved out of agriculture into light manufacturing, with increasing emphasis on electronics and other high-technology industries.

It has thrived on its reputation as a low-cost alternative to Southern California, with a high quality of life helped by the excellent climate. But over the past five years, other American cities – Tampa in Florida, Kansas City in Missouri, and Denver in Colorado – have challenged Phoenix's position as a growth magnet. More recently, its image was dented by its up-and-coming Arizona neighbour, Tucson, which netted a big IBM research facility.

Such setbacks have led the city's leaders to look a little harder at the success story. For example, the growth in population – expected to double in the next 15 years – has had disturbing characteristics. Less than a third of residents have lived in the city for more than five years while three out of five people move on after five years.

This restlessness is more than the usual prairie stomping associated with the wild west. According to Ms Morfessis, two thirds of newcomers to Phoenix are looking for jobs. "People move here for opportunity, but some have a particular reason such as a broken marriage or an unhappy family. And they may find that moving does not solve their problem."

Equally worrying is that many immigrants are people sent to Phoenix because it serves as the branch outpost of the main business. They stay for two to three years and then move elsewhere. Ms Robba Benjamin, a Stanford University business graduate and now marketing vice president of the local Mera Bank, believes that Phoenix must start to attract more brain and less brawn (though the latter has been vital to the local construction industry).

Bringing in high-quality white-collar workers and cultivating information-based industries such as publishing depends on improving the quality of life. And that means a far greater emphasis on education and transport, both of which require direction by the city council and the state government.

The problem is that Phoenicians have never really believed in the virtues of public works. Mr Barry Goldwater – the local department store owner who later became a US senator and the Republican presidential candidate in 1964 – popularised ideological conservatism 20 years before President Ronald Reagan. The present governor, Mr Evan Mecham, a former Pontiac car salesman, makes Mr Goldwater look like a mainstream moderate.

Mr Mecham was elected last year following a split within the Democratic Party, thanks to an uncharacteristically inept choice of successor made by the former Governor, Mr Bruce Babbitt, now a candidate for the Democratic presidential nomination. The salesman sneaked in on a strong vote among the retirement community of Sun Valley and has been preaching public spending cuts ever since.

Some believe this is a disastrously narrow view. Mr Morfessis points out that Phoenix needs to spend more on education. Despite its rocketing population growth, Phoenix still ranks low in terms of per capita spending compared with other cities in the US. Moreover, Arizona state ranks in the bottom five in the US in its spending on welfare, says Ms Morfessis, a recent recruit from Mongomery county, Maryland. "The simple fact is that with the suburbs growing so rapidly, you need public spending."

Then there is a long-running struggle to persuade the locals that they need a better road system. Back in the 1960's, so the story goes, local politicans refused to accept federal Government subsidies to build a freeway because they thought it would infringe on their state rights – the American code-word for getting Washington off the backs of the individual states.

Phoenix now finds itself facing a topographical nightmare: a weak downtown district surrounded by miles of low-density housing, poorly served by public transport and suffocated by car fumes. The tell-tale pollution clouds are already hovering over the city.

Ms Morfessis says that some form of public metro system is a must. Meanwhile, work has begun on a $6bn freeway running through part of the city, which will include the unusual feature of a 24-acre deck park arching over the road. To underline that some attitudes are changing, voters approved via a referendum a local sales tax to finance the building programme.

There is undoubtedly a sense of personal challenge in all this frenetic activity. For Ms Benjamin, it is the chance to assume an influential role in a community where far more opportunities beckon than in her earlier home of San Francisco, seat of a far more tightly knit political and business establishment. "In San Francisco, most of the problems have been solved," says Ms Benjamin, "in Phoenix there is so much still to do."

But there is, too, a dim awareness of innocence lost. As the Tucson police chief said in a recent interview with his local newspaper: "We never locked our doors or even thought about locking them. The idea that somebody might come into your house and take something was just totally foreign.

"By coming here, people have destroyed precisely the things that brought them here in the first place."

THE LEX COLUMN

Turning down like a bad penny

The month which has passed since the G6 agreement in Paris has been a quiet one for the dollar while attention has been drawn to sterling. Although currency traders have assumed that there are some, perhaps rather fuzzy, official target zones for the dollar, they have not as yet been inclined to clarify where the boundaries might be. Fear of central bank reprisals, in the form of swift and substantial intervention, has been sufficient deterrent.

But now dealers are cautiously feeling for the bottom. The dollar/yen rate touched Y150 yesterday without prompting any noticeable response. Yet at this exchange rate the dollar is on the verge of a severe test. Should it dip below Y150 without the central banks making a stand, speculators could well embark on more aggressive attempts to sell down towards Y145 and then repeat the performance at that price. It may be that the various authorities, well aware that intervention against a trend can be more costly than productive, will wait for the dollar to fall so far that, when they do start buying, the markets are ready to acknowledge that currency as oversold and quickly push it upwards again. The danger is that a fall in an exchange rate, if left to gather pace, can soon get out of hand.

Meanwhile the pound has managed to display a marked independence from the dollar, thanks apparently to last week's budget, the weekend opinion polls and relatively high interest rates. A weakening dollar need not jeopardise the next base rate cut.

Booker

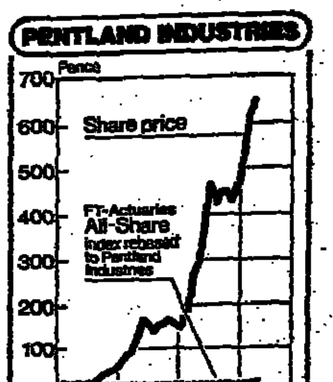
Having fought off the attentions of Dee, and come through with enough earnings growth in 1985, as indeed in 1986, to justify the defence, Booker has been left with the problem of finding an adequate encore.

Structurally simplified by a stream of disposals – the most recent being the exit from supermarket retailing last summer – Booker is nowadays also a company with a relatively simple balance sheet; in 1986, year-end net cash, capital expenditure and pre-tax profit all emerged equal to each other at £54m.

In one respect, at least, Booker nevertheless diverges from ideal financial symmetry, in that a substantial part of net worth is invested, and profit arises, in what have recently been depreciating dollars.

Although there might be a case for taking on dollar debt, thus aiming to lever up the return on equity a little, Booker has managed to acquire a flexible long-term hedge for its dollar investment (including its best guess for 1987 dollar retentions) without taking any debt on balance sheet.

The trick is a swap facility which enables Booker to hold its translation rate at $1.54, and pick up the dollar/sterling interest differential, but leaves open the possibility of re-opening the exposure if the exchange rate moves the right way.



Pentland Inds

Mystery is one of the essential ingredients of a stock exchange wonder-stock. Pentland Industries has done its best to fulfil this criterion with a preliminary profits announcement which offers no comment on trading performance or prospects, beyond stating the board's satisfaction. In the wake of the 157 per cent increase in earnings per share that declaration seems not merely inadequate but also redundant.

The only breakdown included in the statement shows that associated companies, or Reebok, contributed over 86 per cent of the pre-tax profits of £77m. That was the same proportion contributed by Reebok in the previous year, which gives the impression that the other businesses are growing at the same remarkable rate. But – and this too is not stated – Pentland started 1985 with 55 per cent of Reebok, whereas by the end of 1986 the stake had come down to 37 per cent.

Not that the majority-owned businesses should be ignored. They at least provide money that Pentland can get its hands on. Reebok will provide its first dividend in April, but that payment of $2m seems to be getting smaller every day. The market value of the Reebok stake does, however, cover all but about £110m of Pentland's market capitalisation of £630m. That values the other leisure and footwear businesses at a mere 10 times prospective earnings, which suggests that US arbitrage merchants – the old-fashioned kind – might soon be selling Reebok and buying the Pentland ADRs.

IMI

IMI can no longer complain that the unglamorous whole is regarded as less than the sum of its increasingly glamorous parts. An increase in the tax charge and some dilution from the Martonair acquisition has slowed down the pace of earnings growth for 1986 and 1987, but the market is content to leave it slap on the sector average and, if anything, a rerating could be in prospect.

Following the quiet but efficient diversification into building products, aerospace, soft drinks, and other such high margin businesses, the worst that can be said about IMI is that the longer term looks better than immediate prospects.

While most sectors continue to provide gentle organic progress the company has been uplifted for the past two years by rapid cyclical growth in building products (boosted by a sharp rationalisation of the UK copper tube business).

As that cycle blows out, "fluid power" should pick up the baton thanks to the rationalisation of Martonair. That has not been cheap, but most of the costs were written off along with the goodwill, leaving the revenue account largely unscathed.

Both fluid power and soft drinks were flat last year but the aluminium radiators and continued strength of titanium helped to compensate. With gearing down to 19 per cent and over half of turnover now outside the UK this is the kind of dullness investors should adore.

Pakistan says it can build N-bomb

BY JOHN ELLIOTT IN NEW DELHI

PAKISTAN has admitted for the first time that it "has the capability of building" a nuclear bomb. This claim, which contradicts earlier official Pakistani statements that the country's nuclear programme was entirely for peaceful purposes, has been made to Time magazine by General Zia ul-Haq, the country's President.

It comes at a time when plans for the US to give Pakistan a new six-year package of $4bn economic and defence aid could be upset if the existence of a bomb were proved.

But President Zia carefully stopped short of claiming that his country had a bomb or even intended to make one, during the interview which was published this week. In answer to questioning, he is reported to have said: "You can virtually write today that Pakistan can build a bomb whenever it wishes."

Once you have acquired the technology, which Pakistan has, you can do whatever you like. You can use it for peaceful purposes only. You can also utilise it for military purposes."

In the past President Zia has denied this. A year ago on March 15 he said in an interview shown on British television: "We do not have the capacity or the capability to utilise our nuclear programme for military purposes."

President Zia's new statements to Time follow controversial reports earlier this month that Dr Abdul Qadar Khan, Pakistan's leading nuclear scientist, had told an Indian journalist that his country had a nuclear bomb and was prepared to use it "if driven to the wall".

Cardinals seek solution to Vatican cash crisis

BY JOHN WYLES IN ROME

THE 15 Roman Catholic cardinals responsible for overseeing the Vatican's finances yesterday began their search for a solution to the Church's cash crisis which resulted in a deficit of around $56.3m last year.

The cardinal's appeal to world Catholics last October for special financial contributions to help bridge the 1986 deficit is believed to have delivered a poor harvest. In the meantime, all Vatican offices have been ordered to hold their spending to last year's levels.

According to reports here, the cardinals may launch a discreet campaign around the world aimed at boosting the "St Peter's Pence" contributions which are collected around the feast of St Peter on June 29 and which go directly to the Papacy.

Since the actual condition of the Vatican finances – which cover central administration expenses and the cost of delegations abroad – are carefully shrouded, it is not yet known how large a Peter's Pence yield would be needed to cover the deficit.

But according to the few figures published by the Holy See, these contributions to the papacy yielded $28.5m in 1985, leaving a net deficit of $39.15m on a total income of $44.57m. Forecasts made last autumn for 1986 projected a deficit of $56.3m on an income of $51.93m.

The cardinals are said to be keenly aware of the Church's current "image" problem in some countries, stemming from the controversy surrounding Archbishop Paul Marcinkus, chairman of the Vatican bank, Instituto per le Opere di Religione.

Magistrates in Milan issued an arrest warrant for the Archbishop at the end of February, charging him with being an accessory to the fraudulent bankruptcy of the Banco Ambrosiano, which collapsed in 1982.

The Archbishop has refused to respond to the arrest warrant and remains shielded from Italian law as long as he remains within the Vatican City. The activities of his bank do not feature in the Vatican's balance sheet since it serves religious institutes, dioceses and Catholic associations. The Vatican denies that any of its own funds were used to finance the $244m paid in 1984 to creditors of the Banco Ambrosiano as a "recognition of moral involvement" in the collapse of the Milanese private bank.

Easy-to-use software for schools in Europe

By Peter Marsh in London

SCHOOLS and colleges throughout Europe are to be offered computer software that will run on virtually any machine in a £2m ($3.2m) venture designed to break new ground in educational computing.

European Educational Software (E2S), based in Cambridge, England, has been set up by Mr Chris Curry, former managing director of Acorn, the once high-flying computer company which is now a subsidiary of Olivetti of Italy. The other founders are four well-known figures from the UK computer industry.

The aim of the company is to bring to educational software the skills and professional approach associated with other parts of the computer business. Under E2S's plans, teachers and educational experts throughout Europe will help the company to produce software, which will use the main European languages and could be of help for lessons from maths to geography.

E2S's other founders are Mr Hugo Davenport, former engineering director at Sinclair Research, the UK pioneer in home computers; Mr Tom Sancha, former chairman of Cambridge Interactive Systems, a computer company now owned by Computervision of the US; Mr Ed Hoskins, former chairman of Applied Research, a Cambridge-based computer company bought by the US's McDonnell Douglas; and Mr David Johnson-Davies, former managing director of Acornsoft, a software concern owned by Acorn.

E2S plans that its software will run on all leading makes of personal computer, so avoiding the software incompatibility which has plagued other efforts to sell educational programs.

The company intends to arrange marketing outlets for the products in 10 European countries by the end of the year, with sales due to start in 1988.

In many European countries – France, West Germany and Britain in particular – schools and colleges have bought large numbers of microcomputers in recent years, although applications of the machines have been held back through lack of software.

Mr Dick Onians, chief executive of Baring Brothers Hambrecht and Quist, a London-based venture capital company which is backing the new company, said he thought the market for educational software in Europe was currently fragmented but would be worth £500m a year within five years.

Mr Onians's company, together with the five founders, have injected £250,000 into the new company.

Background, Page 8

Bonn and Paris back Thatcher

Continued from Page 1

balance" in the areas of conventional and chemical arms and that changes in the nuclear field "may mean changes in others too."

During talks with Mr Mitterrand at a chateau near Caen in northern France, the French President appeared to show more optimism than Mrs Thatcher about the chances of genuine reforms in the Soviet Union.

Mrs Thatcher was said by her officials to welcome the chances of increasing trade with the Soviet Union during her forthcoming visit. However, this would have to be within the constraints of existing controls on technology transfer, they stressed.

Baker says plan is solution to debt crisis

Continued from Page 1

greater majority than a simple majority."

The US is promising to back a substantial increase in IADB lending if it gets its way. Otherwise, Mr Baker said the IADB "can continue to lend modest amounts and play only a small role in promoting growth in the region." Any increased lending to Latin America, he said, would have to come from the World Bank or elsewhere.

Mr Baker reiterated the Reagan Administration's opposition to debt relief. Several radical plans to tackle the debt crisis are now under discussion in the US Congress, and Brazil's moratorium has raised fears of other unilateral action by debtors.

However, the US Treasury Secretary said such "overnight solutions" would harm debtors because capital inflows would dry up. "Even if free market reform did then follow, the memory of debt forgiveness would make investors think twice before they committed new capital."

Such a scheme could also affect the world banking system, he warned. "A debt forgiveness plan that damages commercial banks also weakens confidence in world financial stability."

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	14	57	Dubrovnik	F	12	54	Malta	C	15	59	Rhodes	R	16	59
Algiers	S	17	63	Edinburgh	C	5	41	Manchester	R	9	48	Rio de J'o	S	27	81
Amsterdam	R	8	46	Faro	S	17	63	Manila	S	30	87	Rome	S	17	63
Athens	C	16	61	Florence	F	15	59	Melbourne	C	15	59	Salzburg	S	9	48
Bahrain	C	21	70	Frankfurt	R	6	43	Mexico City	S	28	82	San Francisco	S	11	52
Bangkok	S	34	93	Funchal	S	19	66	Miami	C	18	64	Seoul	F	17	63
Barcelona	S	14	57	Geneva	C	12	54	Milan	S	13	55	Singapore	C	28	82
Beirut	S	14	57	Gibraltar	S	19	66	Montreal	S	9	48	Stockholm	Sn	0	32
Belfast	C	6	43	Glasgow	C	6	43	Moscow	Sn	1	34	Strasbourg	F	10	50
Belgrade	R	4	39	Guernsey	C	9	48	Munich	C	6	43	Sydney	S	21	70
Berlin	F	7	45	Helsinki	S	1	34	Nairobi	S	30	86	Taipei	S	25	77
Biarritz	S	17	63	H. Kong	C	26	79	Naples	S	27	81	Tangier	S	18	64
Bombay	S	30	87	Innsbruck	F	7	45	Nassau	C	27	80	Tel Aviv	S	27	81
Bordeaux	F	16	61	Inverness	S	5	41	New Delhi	S	26	79	Tenerife	F	20	68
Brussels	R	9	48	Islamabad	S	23	73	New York	S	9	48	Tokyo	R	13	55
Budapest	F	11	52	Istanbul	F	15	59	Nice	S	14	57	Toronto	S	1	34
B. Aires	C	23	73	Jakarta	R	29	84	Nicosia	C	18	64	Tunis	C	15	59
Cairo	F	28	82	Jersey	C	10	50	Oporto	F	15	59	Valencia	S	20	68
Cape Town	S	30	86	Jo'burg	F	28	88	Oslo	F	2	36	Venice	S	13	55
Caracas	C	31	88	Lima	F	28	82	Paris	R	9	48	Vienna	S	8	46
Casablanca	S	17	63	Lisbon	S	16	61	Peking	C	6	43	Warsaw	C	5	41
Chicago	S	6	43	London	R	10	50	Prague	F	7	45	Washington	F	13	55
Cologne	R	8	46	Los Angeles	S	9	48	Reykjavik	S	2	36	Zurich	F	9	48
Copenhagen	S	3	37	Luxembourg	R	6	43								
Corfu	R	12	54	Madrid	F	13	55								
Dallas	C	13	55	Majorca	S	16	61								
Dublin	–	–	–	Malaga	–	–	–								

Readings at mid-day yesterday.
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Brandt era ends

Continued from Page 1

Chancellor candidate, and by refusing to renounce the possibility of co-operating with the radical Greens environmentalist party.

Mr Brandt, whose arbitrary and unpopular decision to appoint Ms Mathiopoulos is somewhat characteristic of his years in high office, is best known as the architect of Ostpolitik, which sought in the early 1970s to re-establish West German ties with old enemies to the East.

Three times married, Mr Brandt had in the past three years begun to direct the party towards the left, though he camouflaged this by speaking of the need to find "a majority to the left of centre" or what he called "the progressive centre."

He is thought to have favoured Mr Lafontaine as his successor.

With right-wing opinion clearly against him and the left unwilling to defend a controversial decision, an attempt yesterday by Ms Mathiopoulos to defuse the situation by renouncing her appointment clearly failed to help Mr Brandt. Although the decision to go remains technically his own, there seems little doubt that he came under tremendous pressure yesterday to step aside.

Early reaction to the resignation was mixed. Chancellor Helmut Kohl, who likes Mr Brandt, would make no comment but his party, the Christian Democrats (CDU) was delighted.

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FINANCIAL TIMES
Tuesday March 24 1987

STATE OIL GROUP LIFTS DOMESTIC PRICES AS EXPORT REVENUES PLUNGE

Pemex boosts its peso surplus

BY DAVID GARDNER IN MEXICO CITY

MEXICO'S OIL export revenue plunged by 56 per cent last year, to $6.7bn from $15.1bn in 1985 while the country's proven oil reserves contracted for the third year running.

None the less, Petroleos Mexicanos (Pemex), the state oil monopoly and Mexico's largest company, managed to lift its peso cash surplus, largely by raising domestic fuel prices in line with inflation.

Last year's collapse in international oil prices reduced the average price of Mexican oil to $11.84 a barrel, down from $25.33 a barrel in 1985. Sales volume also suffered because of the glut, with daily exports averaging 1.29m barrels a day against 1.44m b/d in 1985.

The Pemex surplus, equivalent before taxes to 54 per cent of total Mexican Treasury receipts, was pesos 4,396bn, up 9.5 per cent from pesos 4,013bn in 1985.

In dollar terms, however, at the average exchange rate for each of the two years, this is a huge drop from $15.6bn in 1985 to $8.9bn last year.

The company's accounts, highlights from which appear in the just-released annual report for 1986, would look considerably worse without two radical changes in sales policy carried out shortly after the oil market collapsed.

In February 1986 export prices were linked for the first time to international spot prices with a daily fixing replacing the previous, rigid system of preset, monthly prices for term customers.

Second, traditionally low domestic fuel prices were practically indexed to inflation. The price of petrol, for instance, was increased three times during the year. As a result, domestic sales revenue rose an unprecedented 96 per cent (against 106 per cent inflation for the year) from pesos 1,485bn to pesos 2,911bn.

The contribution Pemex is still required to make to state revenues, however, has led to a further fall in proven oil reserves, down to 70bn barrels from 70.9bn in 1985.

This is the third in a series of small but in the longer term serious downward adjustments begun in 1984.

Mr Francisco Rojas, the new Pemex director general, presenting the report said 58 drilling rigs for exploration and development had been shut down in the course of the year.

The company's much reduced spending power has also had a serious ripple effect on local industry, from which it bought in pesos 478bn in goods and services last year, a small increase in nominal pesos but a $1bn drop in dollar terms.

The report says, however, that Pemex has still been able to reduce further its foreign debt by $390m, from last year's level of $15.7bn, down from its 1982 peak of $19.8bn. Debt service payments were down correspondingly, to $1.35bn in interest payments (against $1.63bn last year) and $794m in capital repayments, from $1.12bn in 1985.

Jefferies Group settles SEC dispute

BY WILLIAM HALL IN NEW YORK

JEFFERIES GROUP, the US west coast broker which is the latest securities firm to be caught up in the authorities' insider trading inquiries, has settled an accounting dispute with the Securities and Exchange Commission.

Mr Frank Baxter, who last week took over as chief executive after the company's founder, Mr Boyd Jefferies, had admitted to various violations of US securities laws, said yesterday that the SEC had dropped its objections to the accounting treatment of a transaction involving Mr Jefferies.

The disagreement has nothing to do with Mr Jefferies' resignation last week but dates back to a 1986 brokerage transaction in which the firm was to act as agent for both buyer and seller. A dispute arose between the buyer and seller, resulting in the threat of litigation against Mr Jefferies and his company.

In order to resolve the dispute and eliminate any potential threat of litigation, Mr Jefferies agreed to a settlement which ultimately resulted in a loss of $5m. Mr Jefferies' firm was to pay $1.2m of this sum while he paid the remaining $3.8m.

The company had said earlier that the SEC staff believed that the $3.8m paid by Mr Jefferies should have been recorded by the company as a pre-tax loss, with a corresponding contribution to capital by Mr Jefferies

Mr Baxter said yesterday that the Jefferies Group had furnished the full facts supporting the disputed accounting treatment and the SEC staff had dropped its objection.

Jefferies earned $13.7m, or $1.55 per fully diluted share, on revenues of $158.8m in 1986.

Auditors qualify 1983 agreement by AMC

BY DAVID OWEN IN NEW YORK

AMERICAN MOTORS, the smallest of the big four US car makers which Chrysler is proposing to take over in a $1bn-plus merger, said that an auditor's opinion accompanying the company's 1986 financial statement contained a qualification reflecting uncertainties created by an arbitration award against its former subsidiary, AM General Corporation.

The $60m award, arising from a 1983 proceeding brought against AM General by Emerson Electric, has not been confirmed by a court and faces additional legal challenges before confirmation, AMC said.

AMC sold AM General in 1983, to LTV, the troubled steelmaker which is re-organising its finances under Chapter 11, contracting to indemnify the buyer against losses resulting from the Emerson claim.

As a result of LTV's Chapter 11 filing, the final amount of any award and thus any AMC indemnity obligation is uncertain.

The announcement comes at a time when speculation is mounting that Chrysler may be pressured to sweeten its $4-a-share bid for AMC in the light of the company's strong stock performance since the merger was proposed.

The bid accompanied Chrysler's recent agreement to acquire French car maker Renault's controlling 46.1 per cent stake in the company.

By early afternoon yesterday, in New York Stock Exchange composite trading, AMC shares were off $⅛ at $4⅞.

US stores ahead as bid fight hots up

By Roderick Oram in New York

SUPERMARKETS General reported a small rise in profits for the fourth quarter and year yesterday as Dart Group, a competing retailing chain, stepped up the pressure in its $1.6bn takeover battle for the leading eastern US food and drug retailer.

Net profits from continuing operations in the three months ended January 31 were $19.2m, or 50 cents a share, against $18.8m, or 52 cents, a year earlier on sales of $1.43bn compared with $1.3bn.

Full-year net profits from continuing operations were $62.7m, or $1.65, against $61.8m, or $1.73, a year earlier on revenues of $5.51bn against $4.96bn. Extraordinary items made the final net $60.9m, or $1.60, in 1986 compared with $63.7m, or $1.78.

Meanwhile, Dart made public a letter it sent recently to Supermarkets General's board. It offered almost $20m of incentives to the company's top management to cash in their severance agreements in the event of a Dart takeover.

It expressed dissatisfaction, however, with the company's refusal to provide financial information to Dart unless Dart agreed not to pursue a bid without the backing of Supermarkets General.

In comparison, Supermarkets General, the eighth-largest US food retailer, had been far more forthcoming and co-operative with about 20 potential bidders who had been given access to its books, records and employees, Dart said.

Dart reaffirmed its interest in negotiating all aspects of a friendly takeover. "Clearly, Supermarkets General is for sale," the letter said. Its shares rose $1 to $43¾, the Dart offer price, in heavy early trading yesterday.

Wickes management to lead £120m buy-out

BY CLAY HARRIS IN LONDON

WICKES, the building supplies and DIY retailer, is to change hands for £120m ($192m) in Britain's second-largest management-led buy-out.

Seven Wickes' executives, the company's US parent and a consortium of 13 institutions, are participating in the transaction.

The US parent's stake was worth about £39m when Wickes came to the Unlisted Securities Market early last year and about £96m based on yesterday's offer price.

Wickes International, itself a subsidiary of Wickes Companies of the US, will exchange its 80.5 per cent stake in the existing company's share and convertible loan capital for about 15 per cent in Cityquest, the takeover vehicle, and £82m in cash.

Mr Henry Sweetbaum, Wickes chairman and chief executive, and six management colleagues created Cityquest with £1m of their own funds. They have been backed by almost £85m of additional ordinary share capital, £28m in convertible loan capital and a £30m loan facility.

The lead institution is Investors in Industry (3i), which is committing £43m of its own funds, its largest single investment. The figure includes existing convertible loan stock held in Wickes. 3i will hold about 12 per cent of the diluted share capital.

Management will hold 3.8 per cent, falling to 2.8 per cent, although Mr Sweetbaum will be issued warrants to subscribe for an additional 4 per cent.

Wickes employs 1,400 people in 54 stores in Britain, the Netherlands and Belgium. It is Britain's only quoted DIY retailer which is not part of a larger group.

In the year to January, it raised pre-tax profits 71 per cent to £6.45m on sales of £45.4m. Wickes yesterday forecast pre-tax profits of £9m for the current year.

Unlike many buy-outs, including Britain's largest – the £273m purchase of Lawson Mardon from BAT Industries in 1985 – the new company will not be private. Cityquest, which plans to change its name to Wickes, will immediately seek a full stock exchange listing.

The deal has a similar structure to the £310m takeover which created Woolworth Holdings in 1982. In that case, the US parent sold its 52.6 per cent stake and initially took a minority holding (subsequently sold) in Paternoster Stores, the institutional consortium which arranged the buy-out.

Paternoster rapidly obtained a listing and changed its name to Woolworth Holdings. The main difference between the two deals was the injection of new management in case of Woolworth.

Cityquest is offering 345p in cash for each Wickes share. There is a partial alternative of subordinated convertible loan stock or one Cityquest share for each 205p of cash. Wickes shares added 65½p to 341p on the USM yesterday.

Cityquest was advised by S.G. Warburg, Wickes by Shearson Lehman.

Canadair confident over sales to US

BY ROBERT GIBBENS IN MONTREAL

CANADAIR, the aerospace arm of Bombardier, says it has been meeting a favourable response from potential US customers for its proposed 40 to 48-passenger commuter version of the twin-engined Challenger business jet.

The company played down reports of an imminent sale of 200 of the stretched Challengers. However, it did not deny industry estimates that sales of about 50 of the aircraft in North America were possible in the medium term.

Canadair has budgeted between C$50m (US $38.5m) and C$100m for development of the commuter version of the Challenger. Almost 150 of the aircraft, which have a stretched fuselage, have been built.

Canadair has had outside studies made of the market potential for the aircraft, and its salesmen have been knocking on doors of potential airline customers in the US.

The Challenger fan-jet has the advantage of high speed and four-abreast seating in competition with propjet and other commuter aircraft. It would be suitable for longer-range thin routes.

One of the short Challenger business jets, which normally carry up to 10 passengers, has been fitted with 19 places for commuter use by a large US multinational.

MSI plans UK listing

By James Buxton, Scottish Correspondent

MELVILLE Street Investments, a UK investment company managed by the British Linen Bank, is to be listed on the London Stock Exchange, following the successful placing of part of its equity.

The Edinburgh-based British Linen Bank – merchant banking arm of the Bank of Scotland – yesterday placed 4.6m shares in MSI at a price of 114p each with institutions, smaller pension funds and individual clients of Cazenove, brokers to the issue, and of Bell Lawrie, Edinburgh stock brokers.

MSI has a portfolio of investments in 51 unquoted companies valued at more than £23m ($38.8m).

INTERNATIONAL COMPANIES and FINANCE

Fiat to spend more on engine plant

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

FIAT IS spending another L50bn ($38.3m) to expand the capacity of its car engine factory at Termoli, southern Italy, where the so-called Fire 1,000 (Fully Integrated Robotised Engine) is produced.

The success of the Fire 1,000 project, in which the Italian group has so far invested L400bn, has contributed significantly to Fiat's recovery from severe losses to the point where it claims to be the most profitable car producer in Western Europe.

Production of the new "family" of Fire power units started at Termoli in December 1984 and in May this year the millionth unit will leave the one-kilometre-long assembly line.

Output is running near the daily capacity level of 2,400 engines, and the factory is working 24 hours a day, five days a week, with maintenance operations carried out on Saturdays.

Further investment will lift daily capacity to about 2,800 engines, or well over 500,000 a year, and provide about half Fiat's engine requirements.

The engines are used in some Fiat Panda and Uno models as well as the "small" Lancia, the Y10.

Termoli 3, the building in which the Fire 1,000 is produced, incorporates 150 robots and is probably the most automated engine plant in the world. This results in the break-even level of production being relatively high: about 2,000 engines a day.

But Mr Paolo Marinsek, the plant director, says the break-even point has already been reduced and will be driven down even further.

Fiat opted for heavy automation at Termoli 3 because the project was conceived when industrial unrest within Fiat's car plants — which reached a state of near-anarchy in the 1970s — was still fresh in the management's mind.

The employees were selected from those laid off from Termoli in the late-1970s, as Fiat dealt with the overmanning at the plant, which first opened in 1970 to make small engines for the Fiat 126 car.

Employees called back were carefully screened. Fiat looked at previous experience, willingness and ability to adapt, and the worker's age—the group has been making a determined effort to reduce the average age of the people employed by its car business.

The Fire 1000 line is 85 per cent automated, which has helped lift productivity from 1.3 engines a day in the early 1970s, to 2.5 today.

Termoli has 2,670 employees, not far short of the 2,880 in the mid-1970s. Fiat also produces two transverse car transmissions on the site, one which is about to go out of production, at the rate of 900 a day, and the other at 1,000.

The proposed new investment will lift transmission output because capacity will be installed to produce a new unit, to replace the one going out of production, at the daily rate of 2,500.

Fiat's total capital investment at Termoli in the years 1982-89 will total about L890bn, including L330bn for the two new transmissions, and L110bn for other purposes, as well as the L450bn for the Fire 1000.

The Fire project dates back to the late summer of 1980 when Fiat and the Peugeot group of France agreed to join forces in the development of a new petrol engine for small and medium cars to meet the needs of the 1990s. The objective was to eliminate some machining operations, cut component weight, simplify assembly operations and reduce the number of components in the engine — not necessarily to produce a revolutionary power unit.

The original intention was for Fiat and Peugeot to build mirror-image production facilities side by side in southern Italy. But first the socialist government in France insisted that Peugeot place its plant in France and later Peugeot decided to postpone production indefinitely.

Nestle holds payout as profits edge ahead

BY WILLIAM DULLFORCE IN GENEVA

NESTLE, the Swiss foods group, is proposing to pay shareholders unchanged dividends of SFr 145 a share, and SFr 29 a participation certificate, after showing a 2.2 per cent rise in consolidated net earnings to SFr 1.79bn ($1.16bn) last year.

Shareholders are also being asked to agree to an increase in the proportion of bearer participation certificates from 10 to 20 per cent of SFr 330m nominal share capital.

Group management in Vevey had revealed last January that there had been a 9.9 per cent slide in consolidated sales to SFr 38bn in 1986, due entirely to unfavourable exchange rate developments.

Net profit margin on sales thus advanced from 4.1 per cent in 1985 to 4.7 per cent last year, while profits per share rose by the same 2.2 per cent margin as consolidated earnings, from SFr 515 to SFr 526.

Parent company net profit climbed from SFr [illegible] to SFr 687m. Proposed dividends amount to a payout of SFr [illegible], corresponding to 27.6 per cent of consolidated net earnings. An allocation of SFr 120m will be recommended for reserves compared with SFr 95m in 1985.

The board is also proposing the election of Mr Fritz Leutwiler as a new director. Mr Leutwiler is chairman of Brown Boveri, the Swiss electrical engineering group and former president of the Swiss National Bank.

Singapore Hotel increase

BY STEVEN BUTLER, SOUTH-EAST ASIA CORRESPONDENT

SHANGRI-LA HOTEL, the Singapore luxury hotel operator, defied the deep glut in the local industry last year, reporting yesterday a modest increase in turnover and a 250 per cent jump in after-tax profits for 1986. Revenues rose 8.6 per cent to S$87.8m, while net profits were up from S$3.4m to S$12m (US$5.59m).

The performance of the hotel provides evidence that demand at the luxury end of the market remains strong, and relatively unaffected by the price war that has engulfed most of Singapore's hotel industry.

The company said that 1987 was likely to see a further polarisation of preferences for facilities, location, and prices, and that the increased competition occasioned by the opening of several new luxury hotels would make it difficult for Shangri-la to top the [illegible] occupancy rate of 80 per cent, which is far above the industry average.

Vereinsbank helped by lower provisions

By Haig Simonian in Frankfurt

Bayerische Vereinsbank, the Bavarian bank which is the fifth largest in West Germany, raised its 1986 partial operating profits to DM 617m ($365.7m) against DM 657.6m in 1985. Full operating earnings rose by 8 per cent over the previous year.

The bank is raising its dividend, for the second year running, to DM 13 for each ordinary share against DM 12.50 in 1985.

Group total assets increased by 5.8 per cent to DM 140.1bn, while those for the bank itself went up by 5.3 per cent to DM 81.5bn. Higher mortgage lending accounted for the bulk of the increase.

While interest income at Bayerische Vereinsbank rose to DM 1.41bn and commission earnings increased by 14.8 per cent to DM 358.3m, costs rose to DM 1.13bn. However, Bayerische Vereinsbank's improved results were helped by lower provisions for credit risk, which fell to DM 270.8m against DM 320.6m in 1985.

The provisions were largely for domestic business, as Bayerische Vereinsbank said its foreign exposures, notably to troubled third-world borrowers, were largely covered already.

Midland doubles French results

BY PAUL BETTS IN PARIS

MIDLAND BANK SA, the French subsidiary of the UK clearing banks, has doubled consolidated net earnings to FFr 208.6m ($34m) last year from net profits of FFr 105.8m the year before.

The bank is 76.3 per cent owned by Midland Bank and is the only foreign-controlled bank with a full Paris stock exchange listing. The French bank said its dividend will be increased to FFr 10 a share from FFr 7.50 a share last year, and also announced a five for one scrip issue.

Net earnings last year included FFr 106.4m in exceptional items compared with FFr 40.3m. Special items included capital gains from a partial disposal of the French bank's holding in Banque Internationale de Placement, which reduced Midland's stake from 20.4 per cent to 10.2 per cent.

The net profits last year also came after higher debt provisions of FFr 57.9m compared with provisions of FFr 46.7m.

The bank's growth continues to be based on its treasury and capital markets activities and on specialised lending and financial services to individuals.

● Helped by the move to lower money market rates, the French bond market continues to experience heavy new issue volumes. The latest big offering comes from Caisse Nationale des Autoroutes which is seeking FFr 3bn over 15 years on a coupon of 8¾ per cent.

Danish bank suspended after substantial losses

BY HILARY BARNES IN COPENHAGEN

DENMARK'S bank supervisors yesterday ordered the suspension of 6 July Bank, one of the country's smallest commercial banks. The supervisors said they could not accept the high level of extraordinary income in the bank's 1986 accounts.

The Association of Provincial Banks is to put up guarantees to ensure that no customer or depositor suffers. The association said this was to protect the reputation of the country's many smaller banks abroad.

Following the suspension of payments by 6 July Bank, the next step is the appointment of a provisional management by the Commercial and Maritime Court, which is expected within days.

The bank was started 12 years ago and specialised in offering high yielding deposits, including index-linked savings accounts. The bank's year-end balance sheet total was DKr 1.5bn ($217.3m) and equity capital was DKr 84m.

The bank suffered substantial losses on securities trading last year and only managed to make a profit after extraordinary income of DKr 47m.

A major portion of this extraordinary income arose from the sale of the bank's head office property to two major shareholders.

Beghin-Say plans to raise FFr 1.2bn

By David Housego in Paris

BEGHIN-SAY, the French sugar and paper group, is raising just over FFr 1.2bn ($173.9m) in fresh capital through issues of voting and investment certificate stock to pursue external acquisitions in Europe.

The group, in which Ferruzzi of Italy has a 43.8 per cent stake and management control, said that it also planned to strengthen its Kaysersberg paper subsidiary's hold in the European newsprint market through acquisitions or cross-shareholdings.

The capital-raising operation was announced after Beghin-Say reported that parent group net profits had risen to FFr 306.7m in 1986 compared with FFr 53.3m in 1985. Net earnings include FFr 139.5m of capital gains from spinning off Kaysersberg as a separate subsidiary—which in turn offset the loss of earnings from Kaysersberg's no longer being part of the group.

Mr Jean-Marc Vernes, the president of the group, said that consolidated earnings last year would be about the same as parent group profits. The group expects a further 20 per cent rise in parent group profits this year.

The capital increase takes the form of a 1-for-3 rights issue on the basis of 2.05m shares at FFr 500 each and a 1-for-3 certificat d'investissement (CI) equity issue for 658,105 stock at FFr 400 each.

Pargesa sets up investment unit

By Our Geneva Correspondent

PARGESA, the Geneva-based holding company belonging to the financial and industrial group of Mr Albert Frère of Belgium and Mr Gérard Eskenazi of France, is setting up a new investment company, Swipar Holding, together with the Vontobel banking group of Zurich.

Each will take a 30 per cent holding in Swipar which will have a starting capital of SFr 100 ($65m) and will be based in Zurich. It will buy stakes in both listed and non-listed Swiss companies which possess development potential and offer the prospects of substantial value increases, Pargesa said.

Swipar is not intended to furnish start-up or venture capital. Pargesa could make placements in the bigger Swiss enterprises in its own right, but needed to work with Swiss partners in investing in small and medium-sized concerns, Mr Didier Bellens, Pargesa's finance director, said.

Other shareholders in Swipar will be the Baloise insurance company, Carba, Hesta, Sicpa, SIG, and the Swissair pension fund.

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INTERNATIONAL COMPANIES and FINANCE

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Judge bids for San Miguel stake

BY RICHARD GOURLAY IN MANILA

ARIADNE, the Australian investment group headed by Mr Bruce Judge, has offered 3.8bn pesos ($184.7m) in cash for 32 per cent of San Miguel Corporation, the beer and consumer goods group that is the Philippines' largest company.

The offer of 100 pesos per share was made directly to President Corazon Aquino in a letter this weekend from Mr Judge, according to a Hong Kong announcement yesterday by Jacksons, the company's broker.

It is the latest in a series of offers for the shares which the Government has controlled since April last year, when San Miguel tried to buy them back from United Coconut Planters Bank (Cocobank). Earlier this month Mrs Aquino ordered Cocobank and San Miguel to settle a controversy over the beer-based group's efforts to buy back the shares.

Allan and Co, a New York broking firm, already has an offer on the table and San Miguel says that its own offer of 100 pesos per share dating from April last year still stands.

The Government blocked San Miguel's efforts to buy the shares from trusts operated by Cocobank last year, suspecting the proceeds might pass to business associates of former President Ferdinand Marcos. Subsequently the Government learned that San Miguel was trying to sell the company's large brewery in Hong Kong in order to pay for the deal, and officials of the new administration took the view that this would benefit the management at the expense of some 20,000 smalls shareholders.

According to Jacksons, Mr Judge began studying a proposed deal less than two weeks before making the offer through Barwon Farmlands, a 30 per cent owned offshoot which is separately listed in Australia.

The Government is likely to want assurances from whichever investor buys the San Miguel shares that they will not be sold to "cronies" of Mr Marcos or to investors acting for the company's existing management.

Meanwhile, Mr Alan Bond of Bond Corporation of Australia, who last year also expressed interest in buying the stake in San Miguel, has offered to take over the debt of 19 creditor banks of Atlas Consolidated Mining, the Philippines' largest copper producer that also produces gold.

Mr Bond confirmed his offer to pay 60 US cents in the dollar for Atlas debt in return for repayment in gold from the Masbate mine and shares in the company, bankers said. Mr Andres Soriano III, San Miguel's president, manages Atlas through Anscor, his wholly owned investment company, and controls its shipping and insurance business.

Minorco setback at half-way

By Stefan Wagstyl in London

MINORCO, the Bermuda-registered investment arm of the South African Anglo American group, has reported a 32 per cent decline in interim net profits to $43m for the six months to December.

The company said the results for the same period in 1985 included a $37m contribution from the sale of part of its holding in Phibro-Salomon, the US financial group.

In the first six months of the current year, the group gained from the strong performances of its major investments – Engelhard, the precious metals group, Inspiration Resources, the US base-metals company, and Charter Consolidated and Consolidated Gold Fields, both based in the UK.

However, falling energy prices caused losses at Adobe, the 50 per cent owned US oil and gas group acquired in 1985. Contributions from the US investments are accounted for six months in arrears.

The company forecasts a substantially stronger performance in the second half.

Minorco valued its net assets at March 20 1987 at $3bn, or $18 a share. Net earnings per share were 26 cents (38 cents). The interim dividend is unchanged at 6 cents.

Brierley in Progressive struggle with Rainbow

BY DAI HAYWARD IN WELLINGTON

BRIERLEY INVESTMENTS (BIL), Mr Ron Brierley's New Zealand-based company, has launched an aggressive counterbid to stop Rainbow Corporation another investment group, acquiring Progressive Enterprises, which operates a large supermarket chain.

Mr Paul Collins, BIL executive director, admitted Brierley was in "a battle" with Rainbow. It is offering NZ$ 4.20 a share for Progessive, compared with a current market level of around NZ$ 3.85 and valuing the target company at some NZ$ 505.7m (US$ 281.9m).

BIL's open market offer yesterday followed the disclosure late last week that it was the mystery buyer of Progressive shares.

BIL is critical of Rainbow's plans to merge with Progressive into a new company called Astral Pacific. Mr Craig Heatley, Rainbow's managing director, responded by saying that share buying by BIL contradicted an opinion expressed by Mr Collins last November when he said BIL did not wish to buy Progressive.

Progressive shares were then at NZ$5.35, however, and Mr Collins said this difference puts a new complexion on the company and followed another capital injection. The proposed Astral Pacific deal did not give Progressive shareholders an adequate return, he added, saying: "Progressive has a proven track record with quality earnings."

Rainbow holds about 44 per cent of Progressive. News of the intervention sent Rainbow shares down 20 cents to NZ$3.48. BIL shares moved up 4 cents to NZ$4.14.

Holmes à Court increases holding in BHP

BY BRUCE JACQUES IN SYDNEY

BELL GROUP, Mr Robert Holmes à Court's master company, has further fuelled rumours of an imminent bid for BHP, Australia's largest company, with the A$540m (US$369.5m) purchase of a further 4.6 per cent interest in the company.

Bell yesterday announced it was buying 57.6m BHP shares under an earlier arranged underwriting agreement with the New Zealand-controlled Equiticorp Tasman, taking its stake in the company to 29.33 per cent.

At that level Bell is almost at the limit of a "peace" agreement signed last year between BHP, Bell, and Mr John Elliott's Elders group. The agreement, which gave both Mr Elliott and Mr Holmes à Court BHP board seats, also restricted Elders to a maximum 20 per cent and Bell to a maximum 30 per cent holding in BHP.

Both parties agreed that if these limits were breached, they would make full cash bids for BHP. Bell's ability to purchase the latest BHP parcel arose from a deal done last year with Mr Alan Hawkins, the Equiticorp chief, under which Mr Holmes à Court agreed to place the New Zealand company's BHP shares for a fee. About 6m shares from the Equiticorp parcel were placed with institutions last month, but the agreement allowed Bell to purchase the shares itself if it chose.

Meanwhile BHP Gold, the 55 per cent gold arm of the larger company, was listed on Australian stock exchanges on Monday and the rights settled at a close of A$1.10 each after a reported earlier trade at A$2 at for the 50 cent units.

● SANTOS, the large Australian oil and gas group, has moved to increase its control over the strategic Cooper Basin petroleum area by launching a A$248m (US$169.7m) takeover bid for TMOC Resources, formerly Moonie Oil Company.

The bid, at A$4 a share ex TMOC's 3.5 cent interim dividend, easily trumps a A$2.55 a share offer made for the group earlier this year by Elders Resources, the mining and energy offshoot of Mr John Elliott's Elders IXL.

The bid represents a multiple of just under 18 on TMOC's recent A$6.94m after-tax interim profit.

UIC more than doubles earnings

BY STEVEN BUTLER, SOUTH-EAST ASIA CORRESPONDENT

UNITED Industrial Corporation (UIC), the Singapore chemicals, investment and trading group, more than doubled after-tax earnings to S$32.4m (US$15.1m) last year from S$13.5m.

UIC was one of the few Singapore companies to sail through the Singapore recession with consistently strong growth in earnings, although its mainstay detergents business has been flat.

Group turnover more than doubled from S$116.5m to S$251.9m, a result in large part from a sharp increase in oil trading activities. Turnover also increased at the group's Indonesia petrochemical subsidiary, Unggul Indah Corporation, prior to divestment.

The strong results once again are seen as a reflection of the trading and investment genius of Mr Oei Hong Leong, managing director of UIC. Mr Oei recently slashed his holding of UIC nearly in half to about 23 per cent, in a share swap deal with China Entertainment and Land Investment which was designed to broaden UIC's access to financial support for further overseas investment activities.

UIC recently made a general bid for Jason Mining, an Australian gold mining company, and agreed to sub-underwrite A$29.9m (US$20.5m) of a rights issue by the Parry Corporation. The move is seen as a prelude to UIC taking a significant stake in the group of companies, which include Parry, Pelsart Resources, and Petroz.

The directors plan a one-for-two bonus issue subject to Stock Exchange and shareholders' approval.

Marui profits ahead of expectations

By Our Tokyo Staff

MARUI, the Japanese department store group, yesterday reported larger than expected earnings in the year to January, with pre-tax profits for the parent company of Y35.3bn ($232.8m), up 18 per cent.

It has increased the annual dividend by Y1 to pay Y17 per share, the second consecutive rise in the payout. The double-digit growth in earnings for the third successive year was attributed to strong sales of clothing and higher interest and commissions accruing from its consumer finance operations. Marui operates a credit sales system, and handled consumer loans amounting to nearly Y150bn.

Overall sales improved by 12.1 per cent to Y400.7bn. Although personal consumption in Japan remained sluggish, renovation of 24 existing stores accounting for nearly two-thirds of its total floor space helped attract shoppers. The company boosted sales of women's and men's clothing by nearly 20 per cent.

Consolidated net profits were 23.6 per cent higher at Y16.65bn or Y54.92 per share, compared with Y47.82.

For the current year, Marui is planning a capital outlay of Y28.2bn, including the doubling of floor space at its Hachioji store.

Parent pre-tax profits are projected at Y37.5bn, up 6 per cent, on turnover ahead by the same proportion to Y425bn.

Sun Hung Kai

The founder of Sun Hung Kai and Co, the Hong Kong financial services group, was incorrectly identified in the FT of March 19 as Mr Fung Ping-Fan. The company was in fact established by the late Mr Fung King Hey.

Australian Woolworths omits payout

By Our Sydney Correspondent

WOOLWORTHS, one of Australia's largest retailers, has been forced to omit a dividend for the first time in decades following a disastrous earnings performance in the year to February 1.

Net profits slid from A$63.2m (US$43.2m) to A$9.3m on a 13.3 per cent sales boost to A$5.47bn.

A A$20m stock writedown was taken above the line and a A$28m provision was made on reorganisation of the troubled Big W division. The extraordinary charge was more than offset, however, by a A$53m profit on sale of properties and the group ended with total extraordinary profits of A$24.9m.

This compared with a A$51.7m extraordinary loss in the previous year, mainly from a goodwill write-off on acquisition of the US-based Safeway Group's Australian stores. Attributable earnings thus actually rose in the year from A$11.5m to A$34.2m.

The poor trading performance has not stopped the group from expanding. Capital expenditure was up from $105m to $119m as Woolworths increased its retail space by just over 16 per cent.

Woolworths is unrelated to the US and British groups of that name. Two of the major losers from its poor run are corporate raiders Industrial Equity and Rainbow Corporation, both of which bought 20 per cent interests in the company last year at prices believed to be around A$4 a share. This compared with yesterday's closing prices of A$3.50. The interim dividend of 6 cents comes after a total distribution of 16.5 cents in 1985-86.

Murray & Roberts back in the black at halfway

BY JIM JONES IN JOHANNESBURG

MURRAY & ROBERTS, one of South Africa's leading construction and engineering groups, returned to attributable profits in the first six months ended December after sliding into losses in the second half of the previous year.

The directors expect the recovery to continue during the remainder of the current year. The interim operating profit calculated after tax and before finance charges was R15.9m ($5.67m) and net earnings attributable to shareholders were R11.9m. The operating profit was R11.7m in the corresponding period of 1985 and the attributable profit was R11.1m.

Losses in the second half of the last financial year resulted in an operating profit of R2.6m for the year as a whole and an attributable loss of R9.4m. The Bromor Foods division was sold to Cadbury Schweppes during the past half-year and M & R acquired Honeywell's South African interests when the US company divested earlier this year.

First-half net earnings were 45 cents a share against 42 cents and an interim dividend of 7 cents has been declared against 10 cents. The last financial year's deficit was 55 cents a share and a final dividend was not paid.

North American quarterlies

A & P*
Food retailing

Fourth quarter	1986-87 $	1985-86 $
Revenue	2.2bn	1.58bn
Net profits	20.7m	18.8m
Net per share	0.55	0.50
Year		
Revenue	7.8bn	6.6bn
Net profits	69m	56.3m
Net per share	2.50	2.23

* Fullname: Gt. Atlantic & Pacific Tea

GOLDEN NUGGET
Hotel/casino operator

Fourth quarter	1987 $	1986 $
Revenue	93m	90.6m
Op. net profits	†7m	†6.8m
Op. net per share	†0.25	†0.16
Year		
Revenue	381.7m	385m
Op. net profits	3.4m	22.8m
Op. net per share	0.10	0.65

†Loss

FRANK B. HALL
Insurance broker

Fourth quarter	1986-87 $	1985-86 $
Revenue	99.3m	88.4m
Net profits	†2.1m	†2.3m
Net per share	†0.30	†0.20
Year		
Revenue	390.9m	380.5m
Net profits	4.3m	8.8m
Net per share	†0.40	0.40

†Loss

NL INDUSTRIES
Oilfield services

Fourth quarter	1986-87 $	1985-86 $
Revenue	118.2m	216.1m
Net profits	†16.7m	5.2m
Net per share	†0.25	0.07
Year		
Revenue	548.2m	859.1m
Net profits	†324.2m	21.5m
Net per share	5.20	0.30

†Loss

INTERNATIONAL CAPITAL MARKETS and COMPANIES

More US government bonds traded in London last year than gilts

BY STEPHEN FIDLER

A GREATER volume of US government bonds, notes and bills was probably traded in London last year than British government debt.

This surprising assertion is made most frequently by those involved in trading US debt in Europe, but it seems to be borne out by the few statistics that exist on the subject and the mere fact that the two can be compared underlines the growing importance of international securities business to the City.

This year, the gilts market has probably again taken over as the more active market, thanks partly to the changes wrought by Big Bang which helped turnover to treble in four months to a February daily average of £4.06bn.

At the same time, London trading in US government and agency bonds and bills, which eclipsed the pre-Big Bang gilts market, has since slowed because of a waning in speculative interest and worries about the stability of the dollar.

The US government debt market dwarfs all other markets for government paper. The $200bn budget deficits of recent years have taken the total gross public debt of the US Treasury to over $2,220bn of which marketable debt now exceeds $1,600bn.

In the last full week of February, trading volume of US Treasury bonds, notes and bills among the 40 primary dealers recognised by the New York Federal Reserve Bank averaged $135bn daily. The equivalent of the entire stock of marketable US government debt thus turns over every 12 days.

Critical links

Neither London, nor Tokyo, the other principal centre for trading of US Treasuries, comes anywhere near this figure, but the two centres are critical in providing the links that now make the US government debt market a 24-hours-a-day affair.

Most estimates suggest that an average of $2bn to $5bn (£1.3bn to £3.2bn) of US Treasury paper changes hands daily in London where more than 30 recognised primary dealers were represented.

Tokyo trading is reckoned to be slightly less active, despite the importance of the Japanese as long-term investors in the market, with estimates ranging up to a daily $4bn.

"The first question a New York trader asks when he gets into the office is 'Where's the market in London?'" said a dealer at one US firm in London. "The foreigner has become very important to the US market. Some 15 to 20 per cent of public debt is now held abroad."

Mr Dick van Splinter, chairman of Fundamental and Marshall Brokers, which runs an inter-dealer broker in US Treasuries in London, said: "Based on what we see, on an average day, probably some $4bn to $5bn trades through the brokers *in London, but I don't think the* dealers in London are doing that much."

The volume of trading in London seems to have fallen in recent months. "We think that the London market in 1986 enjoyed more volume than in early 1987, although we would hesitate to put a number to that," said Mr Bob Harding of the London branch of Kidder Peabody, the US investment bank.

Because currency considerations are so critical, institutions outside the US have long been aware of the importance of international economic developments to their decision-making. Many US investors, by contrast, have only recently begun to understand the importance of what goes on overseas.

Turnover seems more variable in London than in the home market. "In New York, everybody is dollar-based. Over here, the focus shifts from currency to currency and from product to product. If the focus is away from dollars, the drop in volume can be quite significant," *Mr Harding said.*

There are other differences. Interest rate swap deals in the Euromarkets often use the US *government bond market,* while the interest of Japanese investors in longer maturities differentiates overseas demand from that at home.

Traders estimate that swaps can generate up to $200m in daily business for the London market, where it is often crucial to fix terms of a swap immediately rather than waiting for the New York market to open. These deals can also generate other arbitrage opportunities for dealers.

The US government bond market is also the main hedging vehicle for dealers in the London-based Eurobond market.

Market practices differ *between London and New York.* In the US, institutions disclose whether they are buyers or sellers, as well as the size of the deal, before asking for a price. In London, in common with the practice in most European markets, *dealers are* generally asked to quote both buyer and seller prices for institutions which do not disclose their positions.

In the last full week of February, trading volume of US Treasury bonds, notes and bills among the 40 primary dealers recognised by the New York Federal Reserve Bank averaged $135bn daily. The equivalent of the entire stock of marketable US government debt thus turns over every 12 days. Neither London, nor *Tokyo, the other principal centre for trading of US* Treasuries, comes anywhere near this figure, but the two centres are critical in providing the links that now make the US government debt market a 24-hours-a-day affair

London is said to be competitive with New York. Spreads of 1/32 or 1/16 per cent are usual for on-the-run issues, with each 1/32 worth $312.50 per $1m dollar trade.

Mr Warren Carter of Aubrey G. Lanston, which specialises in the trading of US government paper, says, however, that this practice appears to be slowly changing. "More and more people in London are following the New York practice of asking for offers or bids, rather than *for a two-way price,* and as a result there is more openness about what one is doing."

Using the US method can in some circumstances bring benefits in better prices, dealers say.

For the most recently auctioned bonds and *notes—the* actively traded "on the run" issues—bid to offer spreads are $312.50 per $1m dollar trade.

Lower trading volume, however, makes for an occasional lack of liquidity in the less actively traded, off-the-run issues, where bid to offer spreads are often wider than in New York.

It is also cheaper for dealers to trade through New York brokers, rather than their counterparts in London. New York's brokerage commissions were halved in 1985 to 1/256 —$39 per $1m in securities— while in London commissions stayed at 1/128.

Lesser liquidity

There are four brokers of US Treasuries in London, Fundamental, RMJ, Garbin and Cantor Fitzgerald, half the New York contingent. They say there is little pressure for them to reduce their fees in line with New York.

"The firms over here realise that there are extra costs of doing business in a foreign country. I think they are still willing to accept the commission structures," said one broker.

Brokers say that with the withdrawal of one of their number last year, there appears to be enough business to go round for those that remain. Some believe that its lesser liquidity makes the brokers an even more integral part of the market in London.

London brokers are used by Tokyo dealers from 7.00 until 8.00, London time, while New York dealers trade into the London market from about 12.00 to 14.00, when the New York market opens in earnest.

The two hours before New York opens is generally the London market's most active period, particularly if there is an important economic indicator released from Washington. Many US statistics are released at 8.30 Eastern standard time, while New York is still trading into London.

This has caused some controversy among the New York dealers, who say the statistics should be released during their trading day proper. Their complaints so far appear to have fallen on deaf ears in Washington, where there is concern that later release times might *encourage leaks of information* into the markets.

Swiss bank code agreed on depositor verification

By John Wicks in Zurich

SWISS BANKS have agreed to step up efforts to identify the true owners of deposits with a new good-conduct code, due to come into force on October 1. The code includes tighter provisions to *stop bank customers from* hiding their true identity behind lawyers or trustees.

Agreement on the code yesterday by the Swiss Bankers' Association follows a long series of cases in which Switzerland's banks have been implicated in international money laundering operations. Bankers accept that abuse of Swiss banking secrecy could be minimised if the identity of the beneficial owners of deposited assets were made more transparent.

The code, whose full title is the "Agreement on the observance of care by the banks in accepting funds and on the practice of banking secrecy," had originally been introduced in 1977 in the wake of massive fraud uncovered at the Chiasso branch of Credit Suisse.

It was renewed in a rather sharper form in 1982, as an agreement between the Swiss National Bank and the Bankers' Association. The National bank, however, made clear last year that it did not intend to renew it again at the end of September.

The Bankers' *Association* yesterday recommended its members to sign a new version of the code, drawn up after consultation with the Swiss Banking Commission and organisations representing *lawyers and trustees.*

The new agreement will run until September, 1992, and will embody the guidelines already contained in the 1982 code, especially in respect of identification procedures and *rules to obviate* the "active aiding and abetting" of fugitive capital movements.

The principle of discretion on the part of Swiss intermediaries, such as lawyers and trustees, is not being questioned. However, they will have to testify in writing that their mandate is not of a temporary nature only, and that it is not intended primarily as a means to keep the beneficial owner anonymous.

Multi-option financing for UBS

By Our Euromarkets Staff

Union Bank of Switzerland has been mandated by Mountleigh, the UK property company, to arrange a £100m multi-option financing.

It is an "evergreen" financing, cancellable only after the underwriters have given 61 months' notice, and carries a facility fee of 1/16 per cent. The options include cash advances, sterling bills where permissible, and sterling commercial paper with a tender panel.

A £100m certificate of deposit programme for Tokai Bank Chemical, signed in September last year and the first sterling CD facility for a Japanese bank, is being doubled to £200m, Chemical Bank International said as arranger. Another dealer, Barclays de Zoete Wedd, is being added to an existing seven-bank dealer group.

TNT, the Australian-based transport group, announced a £250m Eurocommercial paper programme to refinance existing lines of credit.

It is being arranged by Commonwealth Bank of Australia and Wardley Australia. It will be supported by a £175m revolving standby credit, the lead managers of which are Commonwealth Bank of Australia and Hongkong and Shanghai Banking Corporation.

Facility fees are 10 basis points per annum, and drawings attract interest of *15 basis points over Libor.*

Tokyo CP issue rules outlined

By Our Tokyo Staff

The Japanese Ministry of Finance has drawn up outline issuing rules for the proposed *local commercial paper* market which will be open to domestic companies.

Under the outline scheme, domestic paper will be issued and sold through banks and securities houses, instead of *being placed directly* with investors.

Banks and securities houses will both be allowed to underwrite and sell the paper, as the MoF is to classify it as commercial bills rather than securities.

The ministry is to use eligibility rules, relying on a company's qualifications for issuing unsecured straight bonds, rather than rely on bond ratings.

Final plans for the new market are expected by June and the first domestic CP issue this autumn.

Perpetual floater prices take another battering

BY STEPHEN FIDLER

PRICES FOR perpetual floating-rate notes took another battering yesterday, sparked off by nervous selling from the Far East in the morning.

In what dealers described as a "treacherous" market, early perpetual issues from the UK clearing banks, which have so far outperformed the market generally, suffered. They fell by two to three percentage points, although they staged a partial recovery later in the day, dealers said.

Nervousness appears to have built up ahead of the end of March, which marks not only the end of the Japanese financial year but also the close of the first 1987 accounting quarter for US institutions. Japanese banks have been the main holders of perpetuals, which have no final maturity, and US-owned institutions among the main dealers.

The timing of the latest market tumble was less than propitious for the issue launched last Friday by Morgan Guaranty, which repackages some perpetuals of Westpac, the Australian Bank.

Two new instruments were created out of the $130m in face value of Westpac perpetuals, a so-called zero-coupon bond which buys the perpetual in 15 years' time and a 15-year FRN which pays interest at 50 basis points over Libor.

The 15-year FRN, unlike the perpetual from which it was created, is senior debt of the bank and as such the coupon is regarded as generous by some dealers. The zero-coupon bond, effectively a warrant entitling the holder to the perpetual after 15-years, is a stranger, highly-speculative instrument.

Strong market antipathy towards anything with links to the perpetual market coloured the reaction of many dealers and investors to the issue. Morgan—which is solely managing the deal, allowing it to play its cards close to its chest—said all was going well.

INTERNATIONAL BONDS

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In the fixed-rate sector, US dollar bonds traded in lacklustre fashion, with prices edging lower where changed.

The only new US dollar issue was a convertible for LSI Logic, the US specialist silicon chip manufacturer. The callable $100m bond carries an indicated coupon of 5¾ to 6¼ per cent, with a conversion premium expected at 24 to 28 per cent.

Lead manager Morgan Stanley said the bonds, some of which were placed into the Far East early yesterday morning, had gone well, and were quoted above the par issue price.

There was activity in [illegible] sector of the market, with [illegible] yen issues looking strong.

The one new issue was for Finnish Export Credit, rated triple A by Standard & Poor's through Yamaichi International (Europe). The Y20bn five-year bond carries a 4⅛ per cent coupon and a price of [illegible] carries a call and put [illegible] after three years.

It was quoted at a discount equivalent to its 1⅞ per cent fees.

The West German bond market continued its firmer tone, with prices raising by up to ¼ point, thanks mainly to the weaker dollar.

In the Australian dollar sector, Tasmania Public Finance Corporation issued a A$[illegible] bond, guaranteed by the State of Tasmania. The bullet, five-year maturity, through Deutsche Bank Capital Markets, carries a coupon of 14¾ per cent and an issue price of 101¼.

In Canadian dollars, Communauté Urbaine de Montréal launched a C$75m, 10-year bond through Banque Nationale De Paris. The bond carries a coupon of 9¾ per cent and a 101⅞ issue price.

In Switzerland, prices were mixed to slightly firmer. A SFr 75m issue for Jutland Telephone, carrying a 4¼ per cent coupon and a price of 100[illegible] ended its first day's trading 1¼ points down on issue price.

Surge in Samurai redemptions

BY YOKO SHIBATA IN TOKYO

EARLY REDEMPTIONS in the Samurai bond market (yen-denominated issues in Japan by foreign borrowers) have increased rapidly since the turn of the year, as many foreign companies and international *institutions have found that* they can obtain cheaper and more flexible financing elsewhere.

Some 19 foreign borrowers, most recently Finland and Australia, have advanced, or are advancing, redemption of their Samurai bonds this year with a total value of Y328.3bn. These figures are not far off the totals for the whole of last year when there were 22 early redemptions totalling Y341.8bn. Redemptions are now running well ahead of new issues.

Issues by the Asian Development Bank, Quebec, Finland, the Korean Development Bank, French National Railways, Spanish National Railways, Sweden, Eurofima and Australia are in the course of being delisted by the Tokyo Stock Exchange.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on March 23

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey National 7½ 92	200	[illegible]	[illegible]	[illegible]	[illegible]	7.75
A/S Eksportfinans 7¾ 93	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
A/S Eksportfinans 7¼ 92	150	99	99½	—	—	[illegible]
Austria 7¼ 97	200	99	[illegible]	[illegible]	[illegible]	[illegible]
BP Capital 9¼ 94	100	107	[illegible]	[illegible]	[illegible]	[illegible]
British Telecom 7¾ 96	250	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Campbell Soup 10½ 95	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canada 9⅛	1000	[illegible]	[illegible]	[illegible]	[illegible]	7.00

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Chugoku Electric 5 95	25	[illegible]	[illegible]	—	—	[illegible]
Credit Lyonnais 5⅞ 92	[illegible]	[illegible]	[illegible]	—	—	[illegible]
Denmark, Kingdom 5⅛ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EEC 4⅝ 95	250	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden, Kingdom [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden, Kingdom 5⅛ 95	20	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price change on day [illegible] on week [illegible]

TECHNOLOGY

Oh what a tangled web they weave

Peter Marsh looks at how Volex plugged into academic expertise for better car wiring designs

PICTURE A mind-boggling tangle of wires, cut into different lengths and of every colour in the rainbow, which workers are struggling to turn into high-value electrical cabling for cars.

That is a rough description of the scene at the wiring systems division of Volex, a UK electrical goods manufacturer. Every month the division handles about 10,000 km of wire, enough to stretch between London and Los Angeles.

In the past two years, Volex, aided by engineers from Salford University, has brought some order to this apparent chaos, thanks to a £500,000 investment in computerised design and planning techniques.

As a result, the company has cut design times for its products by up to 90 per cent and simplified manufacture and testing. This has enabled it to move into more complex, higher-value wiring systems, increasing sales by 30 per cent in three years.

The story provides an example of how manufacturing companies, battling to increase the quality of their products while keeping down costs, can benefit from a long-term association with an academic institution.

Developments at Volex's wiring division, based at Leigh, near Manchester, also highlight the key role of Salford in blazing a trail among UK universities in doing practical work for industry. This is an activity that UK academics, unlike their counterparts in the US and West Germany, have traditionally shunned.

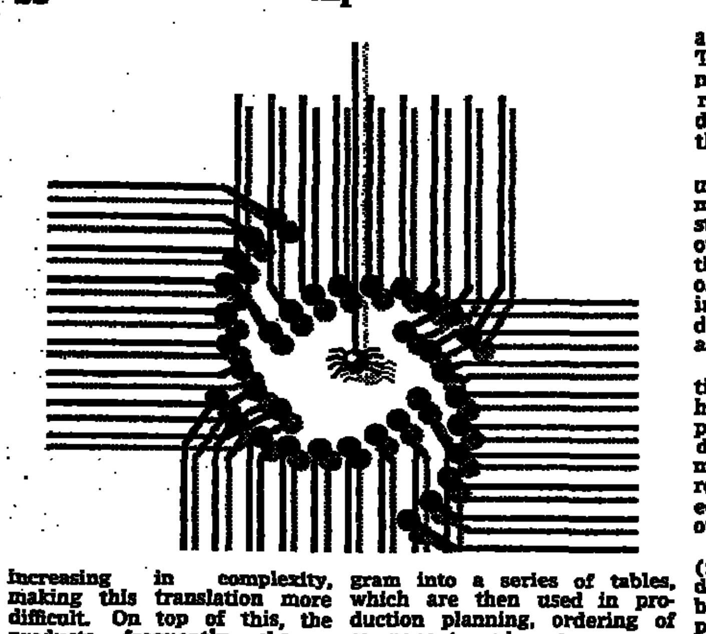
According to Mr Grahame Davies, managing director of Volex's wiring systems division, which accounts for about a third of the electrical group's £65m annual sales, computer technology "has been very important in enabling us to market ourselves more professionally."

Production of car wiring systems, a worldwide business worth some £3bn a year, is becoming a critical part of the automotive industry because of increased use of electronics. The world's biggest producers of these systems—also called harnesses—include Yazaki of Japan and Packard, which is part of General Motors.

After RISTS, a subsidiary of Lucas, Volex is the UK's biggest manufacturer of wiring systems for cars. A particular coup for Volex has been a set of orders from Jaguar, the UK's up-market car company, for harnesses for the new XJ6. Only in the past two years have Volex's products been suitable for such sophisticated cars. Today, the company produces 40 per cent of Jaguar's harnesses, with the rest coming largely from RISTS. Other customers include Ford and Austin Rover.

A headache for Volex, shared by many companies producing sophisticated items to customer specifications, is how to translate the requirements into a product description that can be turned out simply and reasonably cheaply on the factory floor.

The harnesses may comprise several hundred individual wires, each several metres long. They link up to 1,000 electrical components inside the vehicle.



Wiring systems for cars are increasing in complexity, making this translation more difficult. On top of this, the products frequently change, depending on the type of car. Volex makes its harnesses, produced at the rate of 10,000 or so a month, in about 500 variations.

Traditionally, a car company sends to the manufacturer a drawing of the wiring system it wants for a particular vehicle. This highly complex illustration has to be interpreted to give a list of the components, such as connectors and lengths of wire, needed for the manufacturing process, with a description of how the system will eventually be made.

The translation is normally done manually. An engineer laboriously turns information from the car company's diagram into a series of tables, which are then used in production planning, ordering of components and so on.

The suggestion that computers could simplify the process came from Professor Michael Hampshire, head of Salford's department of electronic and electrical engineering, who has advised Volex on technical matters since 1976.

Fleshing out this idea, in the early 1980s, a joint team from Salford and Volex devised a technique in which engineers feed information from the customer's drawings into a computer system centred on two machines made by DEC. The software contains a description of Volex's production routines, including information about the suppliers of parts.

Volex uses this process for about four-fifths of its output. The procedure cuts the time needed to translate customers' requirements into a working design from about 10 weeks to three.

The company is beginning to use an even more sophisticated method, in which it engineers start not with a drawing and other information supplied by the customer, but with a set of computer tapes fed directly into the DEC system. This reduces the design time to as little as one week.

Once the design and production planning for the harness has been worked out, the company has to assemble the product. Although some harness makers have experimented with robots and other automated equipment, this remains a labour intensive process.

In Volex's factory, workers (mainly women) weave individual wires around pegs on a board to build up the finished product. Depending on the complexity of the item and the nimbleness of the workers' fingers, this job can take up to two hours.

In a further advance, however, Salford's engineers helped Volex to produce a computerised testing system which plugs into connections on the assembly board. The system, called Saltest, is programmed with the design information from the DEC computers and monitors what the worker is doing, checking on whether she is threading the wire correctly.

According to Volex, which sells Saltest systems to outsiders for about £2,500 each, the equipment has raised quality and reduced the number of defects.

ACADEME SETS OUT FROM SALFORD ON AN INDUSTRIAL CRUSADE

PROFESSOR Michael Hampshire, head of Salford University's department of electronic and electrical engineering, started doing consultancy work for industry because he was "appalled at the level of technical competence."

He believes it is the duty of academic establishments to attempt to correct matters. "Traditionally, the academic sector in Britain has never been involved with industry. I felt we (at Salford) should be doing something about this."

The professor now spends a day a week helping industry, a practice which Salford University encourages. In the last year, the university's 400 or so academic staff earned about £350,000 from consultancy work.

Professor John Ashworth, the university's vice chancellor, who took over in 1981, when Salford was badly hit by government cuts, says he has "made legitimate" the idea that a university should have as a preoccupation transferring technologies to industry.

In the case of Volex, the interaction has been on several levels. Company and university have set up two teaching-company schemes, for which the Department of Trade and Industry and the Science and Engineering Research Council put up some of the costs. The partnerships have worked on computer techniques to help Volex's design and testing procedures.

Volex has also funded research work at the university, to the tune of about £60,000 over seven years. Professor Hampshire says staff and students benefit from picking up ideas from industry.

Another outcome is that several former Salford students now work at Volex. One is Dr Fatollah Youssefifar, development manager at the company's wiring systems division. After completing his PhD at Salford, he had planned to get a job as a polytechnic lecturer. But Prof Hampshire persuaded him that a career at Volex would be more worthwhile.

Partly to make up the shortfall caused by spending cuts, Salford has gone all out to raise money through industrial contracts. Other companies with which it works include Ferranti, Turner and Newall, Rolls-Royce and Thorn EMI.

In 1984-85, Salford obtained about 12 per cent of its total income of £25m from industry, the highest figure among Britain's 43 universities. In contrast, the others, which between them cost about £2bn a year to run—mostly from public funds, earn only a few per cent of their revenues from companies.

Salford's performance has certainly won admiration at Volex. "Of all the universities in Britain," says Mr John Dixon, managing director of the accessories division, "Salford is the closest to industry."

WORTH WATCHING

Edited by Geoffrey Charlish

Designs with a sense of reality

COMPUTER-AIDED design and engineering (CAD/CAE) achieves new illusions of reality with the announcement by Tektronix, the US-based electronics company, of a 3-D graphics workstation. It is based on the company's 4128 high performance terminal, with the addition of locally generated views of the object on the screen to achieve a stereoscopic effect.

No new CAD/CAM software is needed. Instead, left and right views are generated in the terminal and presented in alternate frames of the picture. A synchronised liquid crystal shutter in front of the screen polarises the light differently for left and right. A special pair of lightweight, polarised glasses routes the correct view to each eye.

Still pictures in video action

A SMALL UK company, called Telesnaps, in Skelmersdale, Lancashire, is offering a service in which a client's illustrations, in paper or transparency form, can be turned into a video tape by following simple instructions contained in a pack.

The client maps out his programme on paper forms contained in the Eispack (electronic imaging from still package), indicating sequence, captions required, timings and — at extra cost — a voice commentary.

The instructions and stills are sent to Telesnaps, which uses professional quality video equipment to sequence, time, cut, fade and dissolve images, adding captions or lengths of text as requested. Eispack costs £495, which would allow six programmes each containing 50 images to be made.

Cost conscious power play

A COST-EFFECTIVE way of coaxing the last watt out of power station diesel engines driving electricity generators has been developed by Sulzer Brothers, the Swiss engine company.

In plant to be installed in Guernsey in the Channel Islands later this year, the exhaust gases of a 14,000 kilowatt (19,000 horse power) diesel engine will be passed through a turbo-generator (a turbine driving an AC generator). The result will be additional electrical power equivalent to three per cent of the engine's rated output, with no increase in fuel consumption.

The device on the Guernsey engine develops 430kW at full engine power. If the engine runs for 7,500 hours a year at 80 per cent of full load, the turbogenerator produces 2.1m kilowatt hours, representing an annual gross revenue of about £128,000 — about the same as the turbo installation price.

Fast answer to correct speed

TRUE SPEED measurements can be made with a unit measuring only 146mm (5.75 inches) in diameter and 252mm (10 inches) long, offered by TRW Transportation Electronics, of Cirencester in the UK. The device uses a radar technique to measure the speed over the ground of the vehicle to which it is attached.

Uses are expected where wheel-driven speedometers are unsatisfactory due to wheel slip. Examples include automatic driving systems in trains and robot vehicles. Alternatively, a stationary unit can measure the true speed of passing objects, for example on conveyors in factories.

US takes a long look at acid rain

IN THE US, the Pacific Northwest Laboratories of Battelle are studying the damage and long-term effects of acid rain under a three-year $982,000 study for the Government.

Rain from water vapour that has taken up gases from burning power stations is widely held to be responsible for the acid rain effect. Some scientists believe it is responsible for acidifying forest soils and damaging trees in the north-western US. But lack of data on the causes, characteristics and impacts of acid rain has hampered efforts to develop corrective measures. At Battelle, complex computer models will be used to try to get better information.

Pipelaying without the spadework

IN JAPAN, engineering major Nippon Kokan (NKK) and the Tokyo Gas Company have developed a technique for drilling service pipe tunnels up to 800mm (31 inches) in diameter, without digging up the roads or pavements.

The drilling unit works from a suitable pit and is aimed at a second pit up to 0.5km away (it is hoped to extend this to 1km soon). Using an undisclosed special lubricant, drilling proceeds, with pilot pipe progressively added behind the drill bit. The soil is removed as slurry down the pipe. Costs fall because the soil is a small fraction of that involved in cut-and-cover techniques.

Good drilling accuracy is obtained by using a computer-controlled gyro-compass measuring system, and corrections are possible en route.

When the hole reaches the second pit, the pilot piping is pulled back with the service pipe lengths progressively attached by welding, until the first pit is reached and the run is complete.

Boeing links into Tandem

TANDEM Computers, the US company specialising in no-break computing systems, has agreed with Boeing Computer Services to develop on-line manufacturing and networking applications, which will provide integration between business, planning and manufacturing operations.

Document handling, shop floor control and advanced manufacturing cell control are covered.

CONTACTS — NKK: Tokyo, Japan, 3 212 7111. Tandem: London office, 01-828 3474. Telesnaps: UK, 0695 21356. TRW Transportation Electronics: UK, 0285 5780. Battelle: US, (509) 375 2581 or 01-493 0184 in London. Tektronix: UK office, 06284 6000. Sulzer Brothers: Switzerland, 52 814941.

FT LAW REPORTS

The Zeebrugge disaster and the Athens Convention

THE CLAIMS of the Zeebrugge victims and bereaved will be facilitated by the 1974 Athens Convention Relating to the Carriage of Passengers and their Luggage by Sea but may also be restricted by it.

The convention has been incorporated into the Merchant Shipping Act 1979 and given the force of law in the UK. On April 28 this year it will also come into force between the UK, Argentina, the Bahamas, East Germany, Liberia, Spain, Tonga, the Soviet Union, Yemen and Poland — the only countries which have ratified the convention so far.

The convention's systems are similar to those of the Warsaw Convention on air transport liability. In return for a reversal of the burden of proof of negligence in his favour, the passenger or his family becomes almost automatically entitled to limited damages, subject to proof of loss, in respect of personal injury or death. The limit does not apply if there was "intentional or reckless misconduct" by the shipowner.

In the Athens Convention system, the limitation in respect of death or personal injury is £38,173.40 while under the Warsaw Convention, as amended at the Hague, the limitation is £13,633.40.

The effect of Montreal Protocol No 3 on the Warsaw Convention would be not only to increase the limited damages figure to approximately £80,000 but also to apply this limit even if intentional or reckless misconduct could be proved. The Athens Convention does not go that far.

The figures are low because they represent compromises achieved at diplomatic conferences between the demands for higher, but nevertheless limited, compensation by the representatives of the industrialised nations as contrasted with the demands for lower compensation by the representatives of the developing nations.

These conventions and protocols represent, therefore, the lowest common denominator of what can be agreed. Dissatisfied states show their disapproval by refusing to ratify or accede to changes which other states consider necessary, and this is why, regrettably, so few countries ratified the Athens Convention.

The victims of the Zeebrugge disaster will, no doubt, consider the possibility of proving intentional or reckless misconduct and so getting over the compensation limit. They will need to know what must be demonstrated by a victim or his family to prove "intentional or reckless misconduct."

Article 13(1) of the Athens Convention (the same as Article 25 of the Warsaw Convention as amended at The Hague) provides that the carrier shall not be entitled to the benefits of the limits of liability of the system if it is proved that the damage "resulted from an act or omission of the carrier done with intent to cause such damage, or recklessly and with knowledge that such damage would probably result."

This language was tested in the Court of Appeal in 1983 in the civil aviation case of *Philip Goldman v Thai Airways International Ltd [1983] 1 WLR 1186, CA*, relating to a flight through clear air turbulence and an allegedly reckless failure to illuminate the seat belt signs resulting in serious injury to Mr Goldman when he was thrown out of his seat.

Lord Justice Eveleigh concluded that it had not been proved that the aircraft commander knew that damage would probably result from his failure or that he had acted recklessly. On the assumption, in that case, that the commander's neglect had not been intentional, the judge found that if the commander did not know that damage would probably result from his act or omission, then the court was not entitled to attribute to him the knowledge which another pilot might have possessed or which he himself should have possessed. A relevant factor was the sharp conflict between expert witnesses in the court below.

The judge also noted that while recklessness was related to the existence of a risk, even of a mere possibility, article 25 spoke of probability, namely, that something was likely to happen. In other words a subjective test, difficult to pass save in quite exceptional circumstances, was applied.

Just as there is difficulty in reaching international agreement on transport liability conventions, so there is difficulty in achieving agreement on the investigation of accidents having an international character because of the state sovereignty principle. This creates pressure for flag states and states of occurrence, and others, to investigate independently.

Matters are further complicated by parallel technical and criminal investigations, not always fully co-ordinated, in some civil law countries.

No international system exists in the case of merchant shipping accidents having an international character but some agreement has been reached under Annex 13 of the Chicago Convention 1944 for aircraft accidents of this kind.

Recent merchant shipping and civil aviation disasters demonstrate the need for more consistent liability systems and accident investigation procedures. One improvement might be first party insurance, payable without proof of negligence or loss, to provide immediate compensation.

By Peter Martin

The author is a partner in Frere Cholmeley, solicitors.

Harbour instructions lead to charterer's liability

NEWA LINE v ERECHTHION SHIPPING CO SA
Queen's Bench Division (Commercial Court): Mr Justice Staughton: March 9 1987

A TIME - CHARTERER'S order to shipowners to unload at a particular port includes an order to go to such discharging place as the harbour authority shall designate; and accordingly, the charterer's obligation to indemnify the shipowners against the consequences of compliance with his orders for employment of the vessel extends to damage *resulting* from the harbour authority's instructions.

Mr Justice Staughton so held on an appeal by charterer, Newa Line, from an interim arbitration award that it was obliged to indemnify shipowners, Erechthion Shipping Co Ltd, in respect of damage to the vessel. The award was remitted to the arbitrators for clarification.

HIS LORDSHIP said that a charterparty concluded on February 20, 1976 was for a time charter trip from Flushing to West Africa.

The captain, though appointed by the owner, was under charterer's orders with regard to employment and agency. The owner was to remain responsible for navigation, and the charterer was not responsible for losses sustained through negligence of pilots and tugboats.

The vessel, Erechthion, was ordered by the charterer to discharge at Port Harcourt on the Bonny River in Nigeria. Traffic in the river was controlled by the Port Harcourt Harbour Authority.

The ship's draft was too deep for her to go to Port Harcourt and at 1100 on May 27 the captain received instructions from the harbour authority to proceed to the Dawes Island anchorage, which included the area between buoys 11 and 12.

When approaching buoy 11 Erechthion reduced speed. The pilot advised the master that the intended anchorage was approximately halfway between *buoy 11 and 12, outside* the dredged channel marked on the chart.

Erechthion turned to starboard and grounded in soft mud. She was afloat at 1710. She did not regain the dredged channel but the master adopted a parallel course slightly to the east of the first course, towards the anchoring spot.

She grounded again at 1714 and thereafter the master never had complete control until she regained the channel. At about 1730 she struck a solid object. The hold flooded and water entered the engine room. The master beached on soft mud and salvage services were rendered.

The arbitrators found the ship had struck an unmarked solid object outside the dredged channel where a submerged wreck was later discovered. They found by majority that neither the master nor the pilot was negligent.

The owner claimed damages from the charterer. By an interim award the arbitrators held that the charterer was not in breach of any warranty as to the safety of Port Harcourt or the anchorage, but that it was obliged to indemnify the owner against the consequences of complying with its orders. The claim succeeded.

On the charterer's appeal Mr Buckley for the owner and Mr Gross for the charterer, accepted that there was an implied obligation to indemnify in the charterparty—an obligation to indemnify against consequences caused by compliance with the charterer's orders as to employment of the vessel.

Three points were argued:

1—Charterer's orders: It was not argued that the charterer's order to proceed to Port Harcourt was in itself the cause of the casualty, nor that the pilot's advice amounted to orders on behalf of the charterer.

What the owner did say was that between those events there occurred the harbour authority's instruction to proceed to the Dawes Island anchorage. That order was said to qualify directly or indirectly as the charterer's order for the purposes of implied indemnity.

In theory it was the right of the charterer of a time-chartered vessel to give all orders as to the vessel's employment—where she should load, what cargo she should carry, and where she must discharge it.

But in practice, at most ports *in the world, it* was the harbour authority which decided when and where a vessel should discharge.

Until the harbour authority had allocated a discharging place the charterer was unable to give any effective orders. Once a discharging place had been allocated it would be an idle formality for a charterer to issue confirmation by ordering the vessel to go there.

One analysis of the owner's argument was that so far as it was concerned the harbour authority was the charterer's agent to give orders.

The court preferred the way it was put in argument in *Stag Line v Ellerman [1949] 82 Ll L 826*, that orders of the military to go to a particular berth "were in effect the orders of the charterers because the charterers had ordered their master to go to Naples and then presumably to go to the particular berth to which he was directed by the military."

That argument was well-founded. Applied to the present case it meant that the charterer's order to go to Port Harcourt meant to go to such discharging place on arrival there as the harbour authority should designate.

Two cases were said to point to the opposite conclusion. The first was *Cosmar [1982] 2 Lloyd's Rep 81*. That dealt with an express clause concerning orders to wait, not an order to proceed to a particular place. It did not support the charterer's argument in the present case.

The second was *Mediolanum [1984] 1 Lloyd's Rep 136*.

But there the charterer had given orders different from those said to have been given by the refinery on its behalf. That mitigated against the suggestion that the refinery was the charterer's agent to give orders.

In any event, the better analysis was not one of agency, but that the charterer ordered the vessels to such discharging place as the port authority should nominate, as argued in *Stag Line*.

Accordingly, the order given by the harbour authority in the present case to proceed to *Dawes Island anchorage for* lightening, should be considered as the charterer's order for the purposes of implied obligation of indemnity.

2—Orders as to employment: It was well-settled that the orders, which a charterer was entitled to give and an owner bound to obey, were orders as to employment of the vessel. They did not include orders as to navigation, which remained in the control of the owner.

It followed that a charterer, in the absence of special terms, was only bound to indemnify the owner against the consequences of orders as to employment.

The question was whether the order to proceed to Dawes Island anchorage was an order as to employment or navigation.

Seeing that the manifest intention was for the vessel to *lighten* there by discharging part of her cargo, it was plainly an order as to employment.

By contrast the advice of the pilot as to precisely where the vessel should anchor, if it had been an order on behalf of charterers (which was not suggested), would have been an order as to navigation.

3—Causation: It was accepted that the obligation was only to indemnify the owner against consequences which were caused proximately by the charterer's order.

There was no express finding in the award that the damage to the vessel was proximately caused by compliance with charterer's orders, but it seemed *plain at first sight that* the tribunal had reached that conclusion.

However, other points in the award indicated either that the arbitrators were treating the pilot's advice as part of charterer's orders, or that there was a risk they might have done so.

In those circumstances it was not right to infer a finding that the damage was proximately caused by charterer's orders to proceed to Dawes Island anchorage.

The award was remitted to the arbitrators for them to state whether they did in fact reach that conclusion.

For the charterer: Peter Gross (Lovell White and King).

For the owner: Roger Buckley QC and Jonathan Hirst (Richards Butler).

By Rachel Davies
Barrister

UK COMPANY NEWS

Acquisitions help IMI to £73m

AN 18 per cent increase in trading profit, backed up by a 43 per cent cut in net interest payable, led to the IMI group showing pre-tax profit of £73.3m for 1986, some 27 per cent ahead of the previous £57.8m.

Sales improved by 2 per cent to £780.3m (£766.2m). For the first time the overseas content represented more than half of the total, with UK exports at £122m and sales by overseas companies at £270m.

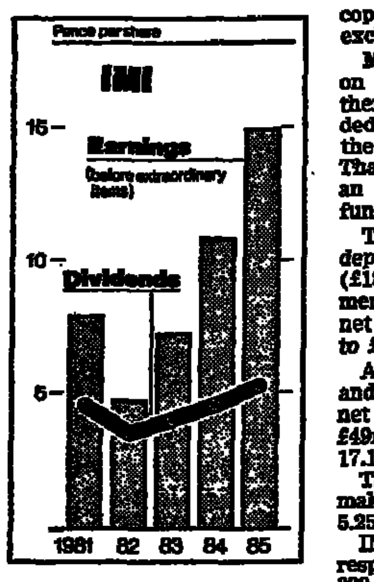
The directors said that there were many opportunities, in particluar following the 1986 acquisitions which contributed £5.7m to profits, for continuing the growth pattern established.

The acquisitions considerably strengthened the group's position in the *field of fluid* power and put it "among the world leaders."

In the current year the group said it would obtain all the benefits of the acquisitions and over the longed term expected further substantial progress.

IMI was also looking for growth, both organic and by acquisition, from many of its other activities.

Sir Robert Clark, chairman of IMI



Building products accounted for £14.3m (£8.1m) of profits, heat exchange £6.8m (4.9m), drinks dispense £13.1m (£12.5m), fluid power £17m (£11.2m), special purpose valves £4.2m (same), general engineering and other activities £8.6m (same), and refined and wrought metals £13.6m (£11.5m).

Inclusion of new subsidiaries from dates of acquisition added £48m to sales, but that was more than offset by the effects of disposals £17m, lower average copper prices £23m, and lower exchange rates £16m.

Martonair was consolidated on an acquisition basis and, therefore, goodwill was deducted from the premium on the additional shares issued. That, with profits retained, gave an increase in shareholders' funds of £48m.

Trading profit was after *depreciation* of £22.5m (£18.9m). Income from investments remained at £3.2m but net interest charges were down *to £5.2m* (£9.1m).

After tax £20.6m (£17.2m) and minorities £500,000 (same), net profit attributable came to £49m (£37.8m) for earnings of 17.1p (14.9p) per share.

The final dividend is 3.5p to make the net total 6p, against 5.25p last time.

IMI spent £18m cash in respect of acquisitions and £32.6m (up £6m) on capital expenditure, but cash flow remained positive by £3m. The balance sheet was strong; capital and reserves were some £290m and net borrowings £55m, with the *gearing ratio* 19 (24) per cent.

See Lex

Reebok boosts Pentland to £77m

Reflecting a surge in profits from Reebok International, its US sporting footwear associate, Pentland Industries *hoisted* 1986 taxable results from a restated £29.9m to a record £77.3m. Turnover soared from £195.6m to £437.1m.

The figures included a £66.86m (£25.79m) profits share from group's associates. *These however,* derived almost entirely from Reebok, in which Pentland reduced its holding from 55.5 per cent to just over 40 per cent in a public offering of shares in July, 1985.

Reebok was therefore an associate company during the whole of 1986 and group results for 1985 have accordingly been restated to show Reebok as an associate throughout that year.

Pentland said yesterday that it was very satisfied with current trading and believed 1987 would be a year of further progress.

The final dividend is being lifted from an adjusted 0.58p to 1.02p net, making a total *payment of* 1.265p (equivalent 0.75p) per share. A two for one scrip issue is also proposed.

Stated earnings per 10p share jumped from a restated 17.65p to 45.31p. Tax took £34.17m (£13.27m) and minorities £963,000 (£220,000). *Last time, there* was also an extraordinary credit of £3.88m.

In addition to items dealt with through the P and L account, there was a non-distributable surplus of £15.8m which has been credited directly to reserves. *This* represented *Pentland's* share of the increase in Reebok's reserves arising from the issue of new shares at a premium.

The company said its year end balance sheet showed a very strong and liquid position. Shareholders' funds rose *substantially* from £40.2m to £96.5m.

See Lex

Booker plans more growth as profits reach £55m

Booker, the agribusiness, health products and food distribution company formerly known as Booker McConnell, lifted pre-tax profits from £46.5m to £54.6m in the year to December 31 1986—an increase of more than 17 per cent. Turnover rose from £1.2bn to £1.3bn.

Mr Jonathan Taylor, chief executive, said that Booker now had leadership positions in a number of markets with outstanding growth potential and the resources to invest further, both organically and by acquisition, in support of these growth businesses.

Profit by division was as follows: agribusiness, £28.3m (£22.5m); health products, £6.5m (£5.4m); wholesale food retailing, £8.3m (£7.3m); retail food distribution, £4.2m (£5.9m); and other interests, £7.3m (£5.4m).

During the year Booker withdrew from multiple food retailing by selling its Budgen food chain to Barker & Dobson in June and disposing of its Zipin convenience stores. The move realised £85m and allowed Booker to concentrate more effectively on food wholesaling. *Acquisitions* during the year absorbed £25m and capital expenditure amounted to £54m.

Expanding poultry meat consumption in the US boosted profits in Booker's Arbor Acres chicken-breeding and Nicholas turkey-breeding businesses while both the Doane Farm Management and salmon farming project in British Columbia made progress.

In its UK agribusiness there was excellent profits growth. Booker Seeds, formed by the merger of Hurst and Sharpes, reduced costs which would now lead to improved operating efficiency. McConnell Salmon and Tiihill had good years while Booker Farming achieved a good profit recovery. Middlebrook Mushrooms made a satisfactory contribution following its purchase for £5.2m in August last year.

Mr Taylor said Fletcher and Stewart had had a satisfactory year while Sortex had achieved a small profits growth. He expected that Booker Agriculture International would recover strongly in 1987.

Research and development expenditure totalled £10.5m, mainly within the genetics.

Booker's UK health products interests achieved good sales growth but retail margins in Holland and Barrett and in Kingswood came under pressure. Booker's US associate, P. Leiner Nturitional Products, lifted income before taxes by 42 per cent. Booker's French interest, La Vie Claire, in which it acquired a 38 per cent stake in 1986, performed *as expected.*

Wholesale food distribution profit was contributed mainly by Booker Cash and Carry, *which recorded* higher sales and margins as well as a net contribution from McNab, which Booker bought for £4.1m *in March last year.*

The delivered business made good progress, as did Booker Frozen Foods, but Booker Food *Services made* a loss due to costs associated with the integration of acquisitions.

Mr Taylor reported that it *had reinforced* its position as the leading national distributor to caterers and was now trading strongly. Whitworth, *which* Booker bought in June, made a loss but should make a reasonable profit this year. Budger contributed £4.2m in the seven months before its sale.

Tax charges totalled £10.5m (£13.5m) and minority interests took an unchanged £2.3m. Extraordinary items amounted to a profit of £42.3m (£5.4m debit) largely as a result of the profit on the disposal of investments.

Earnings per share rose from 24.24p to 27.89p while the proposed final dividend of 9p (7.75p) makes a total of 13.75p (12p).

See Lex

RHM's bid for Avana not referred

Ranks Hovis Macdougall's £243m bid for Avana Group can proceed without referral to the Monopolies and Mergers Commission, the Department of Trade and Industry announced yesterday.

Dr John Randall, chairman of Avana, said yesterday *that* he was "astonished" by the decision, and warned of "serious job consequences" *if RHM took* control.

However, he added, he was confident Avana would win.

Dr Randall wrote to the Office of Fair Trading last month asking for the bid to be referred. If the takeover succeeded, RHM would have more than 60 per cent of the *UK packaged cakes market* and about 90 per cent of the trade in chocolate couverture, he claimed.

RHM, which launched the bid after buying a 20.3 per cent stake in the Welsh food company from Northern Foods, will tomorrow publish *a detailed response to Avana's* defence document, which was distributed earlier this month.

RHM yesterday extended its offer until April 6, having received acceptances covering 1.38 per cent of Arana's ordinary shares. Together with shares it already owns, this means it now speaks for 22.9 per cent of the ordinary.

Steetley relies on home base for 25% profit boost to £46m

Steetley, a *construction* group, saw pre-tax profits rise by more than 25 per cent from £36.8m to £46.1m in the year to December 31 1986. Turnover rose from £408.7m to £418.8m.

Mr David Donne, chairman, said that with the company's overall strategy to become a *broadly-based* supplier of materials to the construction industry it was set to continue its growth both in the UK and *overseas.*

Steetley's UK interests made profits of £36m (£30.3m); North American operations turned in £9.3m (£8.2m); and the Europe and Middle East division contributed £4.5m (£2.3m).

Mr Donne reported that a very cold start to the year had *held back deliveries to the* construction industry but the improvement in the second half had compensated for the early difficulties. Delieveries of bricks moved ahead by 9 per cent and those of tiles were up by 14 per cent. The company invested £2m at its tile factories in Keele and Knutton.

Reserves of aggregates were increased during the year and several acquisitions made which extended the company's operational boundaries. The ready-mixed concrete business was also expanded and capacity increased at the concrete block plants.

Profits from refractories were *the* best *for* 10 years, with strong demand for the whole range of materials and products, particularly in the second half. Steetley's mineral interests continued their progress in the supply of non-metallic minerals while the company's chemicals sector produced similar results to last year and continued *its progress* in new market areas.

Profits by division were as follows: construction materials, £26.7m (£22.5m); minerals extraction and processing, £12.9m (£10.3m); refractories, £3.3m (£1.9m); chemicals, £1.4m (£1.3m); and distribution and services, £5.4m (£4.7m). Net interest payable amounted to £3.6m (£4m).

The improvement in profits *in North America* came from both minerals and distribution, with record profits from the mineral companies. Mr Donne said tthat distribution had done well to increase its profits against a background of a collapse in oil orices affecting Alberta and strikes in the construction and lumber industries in British Columbia. Further rationalisation and improvement of the product range have been achieved and the sale of the main steel stockholding branch was completed at year end.

Capital expenditure for the year totalled £38.4m.

After tax of £11.9m (£11.3m) *in the UK and £4.5m (£3.2m)* overseas, earnings per share worked through at 48.11p—compared with 36.25p last time.

The directors proposed a final dividend payment of 10p (8p), making a total of 15.5p (13p) for the year. They also proposed a one-for-one scrip issue.

● comment

The market was pleased that its profits forecasts for Steetley *were exceeded but delighted* that the dividend received such an unexpected boost. As a result shares in the company rose 32p to 598p and there could be a further run to come. All divisions are performing well but Steetley's main strength is its bricks, which now account for more than a quarter of group profits. The low cost basis of the new Parkhouse plant is enabling the company *to spend money on transporting* its products into the lucrative south east. A further increase in Steetley's 9 per cent share of the UK bricks market is likely when a £2m extension, which will add nearly 50 per cent to Parkhouse's output, comes on stream at the end of this year. In aggregates, the group is clearly on to a winner in France, where there are few dominant players and market *share is up for grabs. Further* acquisitions there can be expected. Meanwhile, in refractories, Steetley is proving that it can improve its performance considerably even when demand is stagnant. Group profits this year of £54m put the shares on a prospective p/e of about 10.5, not demanding when compared with Steetley's nearest rivals.

Martin Currie Pacific nav rises

Martin Currie Pacific Trust's decision to increase investment in Hong Kong, reducing its exposure to Japan, was a significant factor behind the trust's performance in the year to the end of February 1987, according to Sir Gordon Brunton, *chairman.*

At the end of the period net assets per share had risen by 69 per cent to 212.6p against 125.6p a year earlier.

Net revenue, however, was down at £68,617 (£83,647) and the directors are recommending a single final payment of 0.29p, against 0.55p last time. Earnings were 0.57p (0.7p) per share.

Freemans rises 15% to £32m

Freemans, the mail order *group which bought the Warehouse* Group fashion retail chain for £11.9m in June last year, produced pre-tax profits up by *more* than 15 per cent from £28.04m to £32.37m *for* the 53 weeks to January 31.

Sales rose 11.8 per cent to £458.48m, with the increase on a comparable basis *at* 8.6 per cent and the effect of the 53rd week, and the Warehouse contribution equal at 1.6 per cent.

Pre-tax profits rose as a proportion of turnover to their best level *for* eight year, said directors. Changes in sales mix and fashion trends resulted in a 14 per cent increase in the number of units sold through mail order agents.

Proceeds from the sale of the *company's 50 per cent holding* in the fashion clothes company Together were listed net of tax as an extraordinary item of £5.18m. Pension fund contributions were reduced by £1.4m.

The fashion catalogue Bymail had completed an exciting first year, they said. A large overseas mail order house had been granted a franchise, and two new specialogues—Freemans' term for fashion catalogues—*would be introduced under the* Bymail name in the autumn.

A new women's fashion specialogue for the 15 to 25 age *group,* launched in January had gained a good *initial* response.

The main catalogue, the major part of Freemans' business, remained popular, with the number of agents having risen from 650,000 in 1985 to 690,000.

Retailing conditions should be favourable for 1987, and a further year of advance was expected, directors said.

They have recommended a final dividend of 5.5p (4.7p) per share, making 8.2p (7p), along with a one-for-one scrip issue.

Related companies' profit share came to £1.61m, interest payments totalled £2.16m, and the profit sharing scheme took £750,000.

After tax of £11.85m, earnings per share came to 28.3p (24.8p).

● comment

A lot of publicity has centred on Freemans specialogues—catalogues *targetted* at *specific* consumer groups—*but* the old and faithful main catalogue will still form 90 per cent of turnover this year. Last year because of a mild November-December, there was a shift in *the mix of sales towards lighter* clothes and away from heavy knits that led to turnover growth falling short of unit sales but the recent cold snap should reverse that trend. Add in the Budget tax cuts and the subsequent fall in interest rates and the main business should have a good year. Two new Bymail catalogues are planned to improve the group's fashion profile and with a repeated *pension benefit, and a full year* of the franchised Together and the Warehouse acquisition, pre-tax profits should hit £39m this time. A prospective p/e of 13.5 with the shares at 451p, down 13p is in line with the rest of the mail order sector.

Bredero ahead to £2.9m

Bredero Properties, the property company in which Slough Estates hold 52.2 per cent of the issued capital, lifted pre-tax profits from £2.05m to £2.9m in the 12 months to December 31 1986 in line with predictions made at the *company's flotation* in May 1986. Turnover moved up from £17.4m to £24.7m.

Commercial developments contributed £1.9m (£863,000); residential developments, were £507,000 (£757,000); and investment and management income, £519,000 (£430,000).

The company has completed a financing agreement with Citibank NA in respect of the company's £50m Bon Accord shopping centre in Aberdeen. Main construction work on the centre is about to begin and lettings have been secured for the two major store areas in the centre to Boots and C & A.

Tax charges totalled £409,000 (£137,000) and extraordinary income amounted to £355,000 (nil). Earnings per 25p share worked through 1.7p higher at 13.5p and the directors proposed a final payment of 2.75p, making 4.25p for the year.

AVESCO has acquired the Bowen Broadcast Hire Business for 625,000 shares. BBH is a leading outside broadcast television operator in the UK and Europe sales in 1986 were £0.25m and are budgeted to increase to £0.42m this year.

Melville Street ready for London SE listing

BY JAMES BUXTON, SCOTTISH CORRESPONDENT

Melville Street Investments, an investment company managed by the British Linen Bank, is to be listed on the London Stock Exchange, following the successful placing of part of its equity.

The Edinburgh-based British Linen Bank—the merchant *banking arm of the Bank of* Scotland—yesterday placed 4.6m shares in Melville Street Investments at a price of 114p each. The shares have been placed with institutions, smaller pension funds and individual clients of Cazenove, brokers to the issue, and of Bell Lawrie, the *Edinburgh* stockbrokers.

MSI has a portfolio of investments in 51 unquoted companies valued at over £23m, consisting of venture capital stakes, management buyouts and private placings. It claims to be one of the largest companies of its kind in Britain.

Its venture capital investments include stakes in Cambridge Life Sciences, a biotechnology group, and Babygro Holdings, a Scottish clothing manufacturer which its management bought out from its US parent.

In the year to January 31 1986, MSI had net assets per share of 133p and paid a net dividend of 2.7p per share.

Trading in MSI shares is expected to begin on the Stock Exchange on April 1. The company has obtained provisional acceptance from the Inland Revenue that when it obtains a listing, it will be granted investment trust tax status.

This is important, since it will mean that the company will no longer be liable to Capital Gains Tax. It will, therefore, be able to reduce the size of some of its holdings—notably the 15 per cent stake in Cambridge Life Sciences—and realise capital gains without *facing* a large tax liability.

Two shareholders, British Airways Pension Trustees and Standard Life Assurance, each held 25 per cent of MSI's equity before the flotation, with British Linen Bank holding 20 per cent.

The existing shareholders have put 10 per cent of their equity, some 1.55m shares, into the flotation in order to help create an adequate market in the company's shares. Some 3.11m new shares have been issued, raising some £3.2m of cash net of expenses.

For every five shares involved *in the placing,* one warrant is being issued entitling the holder to subscribe for one new one new ordinary share at a price of 146p, between 1989 and 1994.

AB Industries

Associated British Industries, maker of wax, oil, chemicals and adhesives, increased pre-tax profits by 20 per cent from £429,000 to £516,000 in the six months to December 31 1986, on turnover 3 per cent higher at £17.12m, against £16.61m.

The disposal of the Hermetite retail division accounted for an extraordinary profit of £1.25m, which was struck after estimating the costs of the wind-down of the manufacturing contract with the buyers, Hunting Petroleum Services and associated post-period reorganisation events.

Earnings per share were 13.85p (10.88p) basic, and 10.75p (8.34p) fully diluted. The interim dividend is 3p (2.7p). The shares are traded on the Granville market.

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BET makes agreed £75m bid for Scott Greenham

BY CLAY HARRIS

BET, the diversified services group, moved yesterday to consolidate its leadership of Britain's plant-hire market with a recommended £75m takeover bid for Scott Greenham.

The acquisition would strengthen BET's role in the provision of a broad range of industrial plant. It would particularly enable it to compete more effectively in the international market for heavy crane contracts.

In addition to cranes, Scott Greenham hires scaffolding and other site-access equipment. In the six months to October 2, it achieved pre-tax profits of £2.4m on turnover of £9.4m. Directors and their families holding 42 per cent of the company's shares have accepted the BET offer.

The combined group would be in a position to dispose of some of its small and medium cranes, a sector suffering from considerable overcapacity in the UK. It would also be able to reduce planned capital investment in heavy cranes.

BET predicted benefits from the merger which would avoid earnings dilution even in the first year. Savings were envisaged more from the consolidation of depots and other sites than from any reduction in Scott Greenham's workforce of 2,200.

Scott Greenham's operating companies would be combined with their BET counterparts. The crane activities would go into BET's Grayston White & Sparrow, Deborah Services into BET Access, insulation and cladding operations into Four Seasons (formerly part of Brengreen), and painting operations would supplement those acquired with HAT Group.

BET won HAT, the paints, scaffolding and cleaning group, last September with a £109m hostile bid which had been launched on the same day as a £32m offer for Brengreen, the contract cleaner.

Although the takeover would increase BET's lead in the fragmented cranes and scaffolding makrets, the company does not expect the bid to be referred to the Monopolies and Mergers Commission. Its bid last year for SGB, the second-ranking plant-hire group, was cleared, even though SGB in the meantime had found a white knight in John Mowlem.

With BET 1p higher at 504p, its 515-for 1,0000 offer values Scott Greenham shares at 259p against yesterday's market price of 246p, up 51p. (The number of BET shares will double to 1,030 once an approved scrip issue takes effect.) Shareholders will be able to accept a loan notes of 262p per share for up to one-fifth of their holdings.

Restructure of Times Veneer and £11m buy

"The Times" Veneer is being transformed. The company announced yesterday it was changing its name, selling off its core veneer business for £430,000 and buying reproduction furniture retailer Lexterten for £10.9m.

Mr David Landau, chairman, said the moves were part of the company's strategy of becoming a major niche distributor and retailer. Era, as the group would now be called, was looking at a number of other possible acquisitions.

Dealings in "Times" shares were halted last Friday pending yesterday's announcement. The suspension price of 73.5p compared with a low last year of 17p and 30p last July when Mr Landau and associates announced they had taken a 29.9 per cent stake in the company, and were taking over its management.

Dealings were expected to start again on April 24.

Lexterten, which employs 470 people, retails reproduction furniture—including cabinets, upholstered furniture and dining room tables—from 27 outlets. A further six showrooms are planned for this year. The company makes about 70 per cent of the products it sells.

In 1986 Lexterten made profits of £1.08m on sales of £12.23m, up from £746,000 and £10.23m in 1985. Era is paying for Lexterten by issuing 9.87m ordinary shares and 8.55m new 9 per cent cumulative preference shares of 25p each. The original veneer business is being sold to its management.

Figures released yesterday show that "Times Veneer" made pre-tax profits of £59,581 in 1986, sharply down on the previous £254,997. Sales were £8.1m (£7.94m). There was an extra-ordinary charge of £349,728 for relocation costs (nil). The directors are proposing an unchanged dividend of 0.5p.

Mr Landau said the results were affected by the loss of a major contract. Trading at A. S. Royston, a distribution business acquired in December, was in line with expectations at the time of the purchase, and steps were being taken to expand its activities.

Minet buys Mervyn Hughes

Minet Holdings, the Lloyd's insurance broking group, has acquired Mervyn Hughes, an executive recruitment company specialising in the financial services sector.

It will continue to operate as a separate entity, but form part of a group also including BDC, Minet's existing management consultancy and executive search arm.

Mr Kit Keey, Minet's deputy chairman, said Minet would be investing additional funds to develop the Mervyn Hughes

IoM Enterprises

Isle of Man Enterprises increased its pre-tax profits from £101,636 to £114,888 in the year to October 31 1986 from net turnover up from £494,341 to £543,119. The dividend is unchanged at 4.5p net, and stated earnings per 20p share improved from 7.71p to 9.09p.

The company announced the acquisition of Shoprite Petrol and Whitestone Garage, for £409,800 to be satisfied by the issue of 124,000 ordinary stock units and £230,000 in cash.

They had combined pre-tax profits of £96,000 in the 52 weeks to November 2, 1986, and net tangible assets of £415,000 at that date.

SUMIT growth

A 23 per cent growth in net asset value from 177p to 218p per share at the end of December 1986 was achieved by SUMIT, the recently listed development and venture capital company.

Gross revenue for the year rose 16 per cent to £1.15m, but pre-tax profits were lower at £327,212 (£402,758) and earnings per share came to 5.2p (6.4p). However, the final dividend is 1.2p—against a forecast of not less than 1p when the company obtained its full listing in November—for a total of 3.7p.

Total assets grew to £17.76m (£12.51m).

KENNEDY SMALE has acquired a wholly-owned subsidiary of Glen Gordon from which Glen Gordon's glove manufacturing business operated from Berryden Mills, Aberdeen. Kennedy has settled intercompany indebtedness of £427,000 and taken over hire purchase aand other finance commitments of approximately £67,000. The business will be continued as a subsidiary of Kennedy, but its name will be changed to Glen Gordon Ltd. The book value of assets acquired was £427,000.

Rockware acquisition to broaden plastics side

Rockware Group is to purchase J. W. Spencer Engineering group for a consideration not expected to exceed £1.35m, and payable in cash.

Spencer makes high quality precision injection moulds and, through its subsidiary Alphaclass, also manufactures a range of injection moulded articles for the packaging, medical, and domestic markets.

This is Rockware's first acquisition since it raised £24m last month and showed it was on the move, said Mr Frank Davies, the chief executive. In 1986 Rockware Plastics achieved record new business; now it had the basis for a new high-growth business in the injection moulding market, he said.

For the period ended April 30 1986 Spencer made a pre-tax profit of £155,000 and net asset value then was £771,000.

Current accounts would be made up to March 31 1987 and would reflect certain disposals and acquisitions, and would allow for a revaluation of fixed assets to be made and determine the consideration.

Rockware said the addition of Spencer would broaden the plastics business and the market base. It would give the capability for producing moulds for the manufacture of high quality plastic components as a further step in the investment programme for the plastics operation.

Tarmac £12m purchase

Tarmac, Britain's largest building materials and construction group, has acquired Hawkins Tiles, the Staffordshire brick and clay roof tile manufacturer, for £12m.

The acquisition will be financed by issuing 947,314 new ordinary unsecured floating rate loan notes. The deal is conditional on clearance from the Inland Revenue.

Last week Tarmac bought two quarry companies from F. J. C. Lilley for £7m cash. The group says this latest acquisition is another important addition to its stable of companies producing high quality building materials.

HELICAL BAR—The directors said they had noted the rise in the share price and understood it to be the result of a recommendation by a private newsletter. No announcement was planned in the foreseeable fuure, other than the preliminary figures for the year to January 31, 1987 which would be announced in mid-April.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div	Total for year	Total last year
American Trust	7.15	—	1.95	3.3	3.1
Armstrong Eqpt. int.	0.9	—	0.75	—	2.75
Assoc. Brit. Inds. ¶int.	3	Apr. 14	2.7	—	5.59
Bilston & Battersea‡	0.7	—	—	0.7	—
Booker	9	July 1	7.75	13.75	12
Bredero Properties ...	2.75	May 26	—	4.25	—
Brent Chemicals	3.6	—	3.35	4.6	4.2
Burgess Grp. ......int.	0.75	Apr. 30	0.5	—	2.5
Charlie Browns‡ int.	1.5	May 12	1	—	3
Combined Lease	0.9	May 6	—	1.35	0.61
Derwent Valley	3.93	May 15	3.5	4.68	4.25
Early's of Witney ...	1	—	1	1.32	1.32
Forward Technology .	0.7†	May 29	0.5	0.7	0.5
Freemans	5.5	June 6	4.7	8.2	7
Garton Eng.	3	July 1	2.5	4	3.5
Hickson Intl.	12.2	May 5	10	17.5	15
IMI	3.5	—	3.05	6	5.25
IoM Enterprises	4.5	—	4.5	4.5	4.5
Linread	2	—	1.5	3	2.5
Magnetic Materls. int.	0.9	May 8	—	—	1.87
Martin Currie Pac. ...	0.29	June 15	0.55	0.29	0.55
Memec	2.4	May 22	2.13	3.3	3
Pentland Inds.	1.02	—	*0.58	1.27	*0.75
Saga Holidays	3	Apr. 30	3	4.6	4.6
Spring Ram	0.67	June 12	0.6*	1	0.91*
Steetley	10	—	8	15.5	13
Sumit	1.2	May 15	—	3.7	—
Times Veneer	0.5	—	0.5	0.5	0.5

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Granville stock.

Early's of Witney

Early's of Witney, blanket and floor covering manufacturer, increased its pre-tax profits from £303,874 to £401,944 in the year to January 31 1987. The final dividend is unchanged at 1p for a same-again total of 1.315p.

Turnover for the year was down from £9.25m to £8.61m. Interest charges fell from £84,528 to £72,078.

A reorganisation of production facilities to improve operating efficiencies was being undertaken. In the short-term, this may have an adverse effect on the company's profitability.

IC Gas approval

Shareholders in Imperial Continental Gas yesterday voted in favour of a proposal that will break the company up into two parts. One will contain Calor gas and the group's oil exploration and production interests, and the other will consist of its portfolio of Belgian investments.

Share Stakes

Changes in company share stakes announced over the past week included:

Y. J. Lovell (Holdings) — B. D. Whymant-Morris, director, decreased his interest in ordinary shares by 18,366.

London Scottish Finance Corporation — On January 21 Mrs H. Bloom, wife of a director, sold 35,157 ordinary shares.

Dale Electric International — Iain L. Dale, director, has disposed of 13,650 ordinary shares.

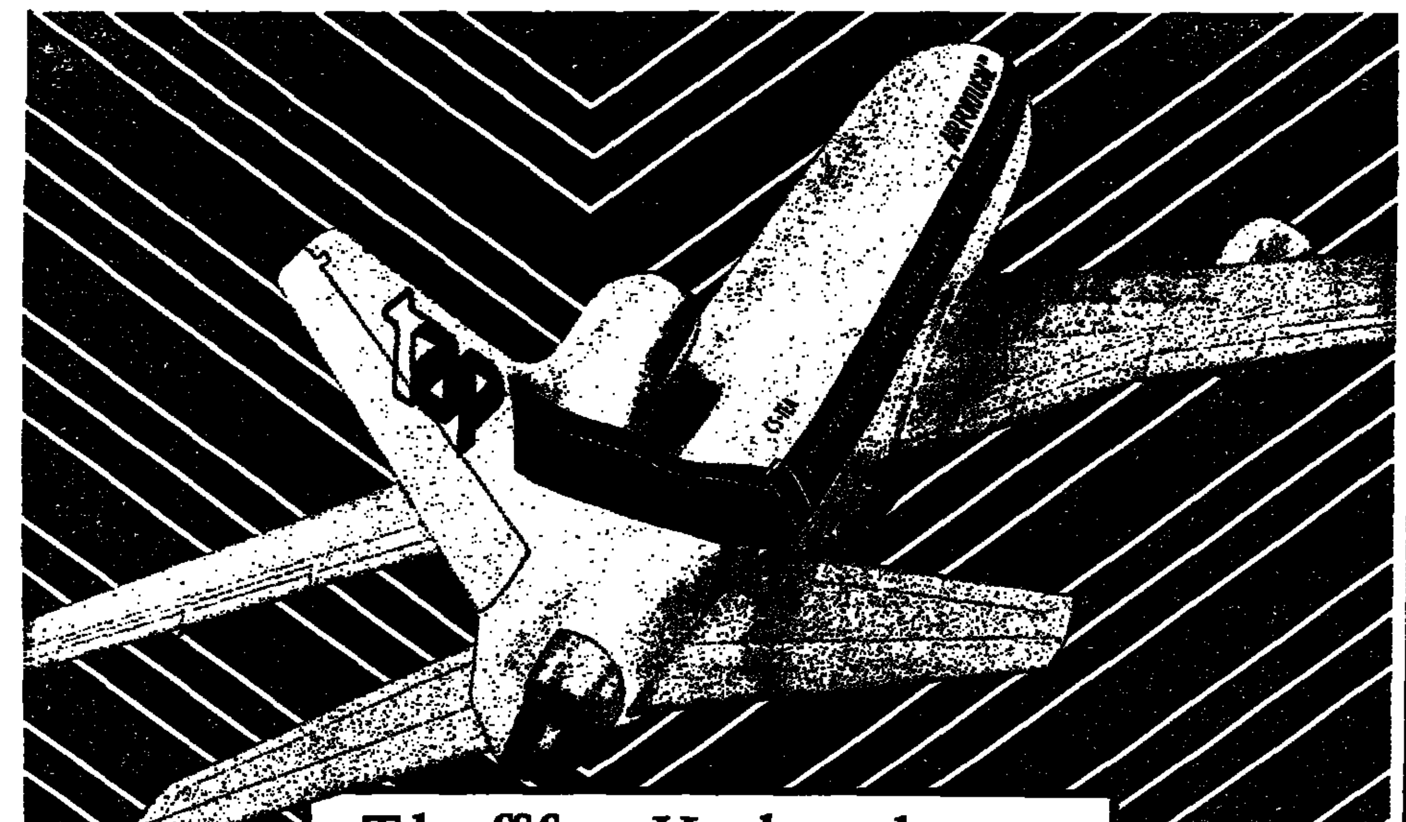
Ewart New Northern — E. Vandyk, director, purchased 18,000 ordinary. In addition Bookharp, a company wholly owned by Mr Vandyk and his wife, has purchased total of 35,000 ordinary at 110p each.

Telecomputing—John Garrick, director, sold 100,000 shares at 1.85.

Unigate—R. D. Yeomans, director, sold 19,000 ordinary at 378p on March 20.

Polypipe—G. Harrison, directo, sold 290,000 ordinary shares at 234p, reducing his holding to 3m (10.45 per cent).

W. H. Smith and Son (Holdings)—J. D. Smith, director, disposed of 35,000 B ordinary (0.02 per cent) at 55p. His holding is now 67,000 (0.05 per cent).



UK COMPANY NEWS

Expanding Spring Ram lifts profits by 58%

Spring Ram Corporation accelerated its growth rate in 1986 and produced pre-tax profits 58 per cent higher—up from £4.43m to £7m.

Mr William Rooney, chairman, said the group had started the current year particularly well placed, with order books at record levels and the balance sheet "stronger than ever."

All core businesses (the manufacture of bathroom and kitchen products for home improvements) produced healthy growth while continuing to maintain brand leadership.

At Bradford, the commissioning of the new ceramics sanitaryware plant and the build up of stocks made an important contribution to the last quarter.

Turnover rose 49 per cent to £40.8m and gross profit 51 per cent to £8.34m. Earnings per 10p share were 10.3p (8.1p) and the dividend is raised from 0.91p to 1p net, with a final of 0.67p.

Mr Rooney said the newer developments, namely Astracast, Ceramics and Spring Ram International, would figure significantly in the current year's performance and beyond, and "demonstrate clearly the group's ability to develop innovative and profitable new markets at home and overseas."

Additionally, the planned greenfields expansion programme would ensure continued growth.

Major projects costing over £23m were planned at Scunthorpe for home improvement products and at Kirklees (near the existing Bradford complex) for bathroom products and Astracast to increase total manufacturering facilities from 414,000 sq ft on 33 acres to more than 1m sq ft on 100 acres of freehold land by the end of this year.

● comment

There was hardly a dry eye in the house (especially in the bathroom and kitchen areas) when Spring Ram produced these figures and announced plans for £23m worth of green field investments spread over three years. Those shedding most tears were the many stockbrokers and institutions who could find little or no stock to purchase—even on today's heady multiples the number of sellers is limited. With £7m in grants and the capital allowance tax breaks to come, Spring Ram is easily able to fund its capital spend out of cash generation—so no rise in debt or a rights issue is in sight. For the current year realistic forecasts have to be around £10½m which on a 20 per cent tax rate produces a prospective p/e of 18 at 344p, up 12½p. Still cheap at this level is the war cry. The multiple and the wave of investor enthusiasm looks to be discounting part of 1988's prospects but for the sake of the longer term a more liquid market in this excellent stock should be a priority.

Memec profits growth halted

AFTER five years of sustained profits growth, Memec (Memory and Electronic Components), distributor of electronic components, microprocessor systems and related equipment, yesterday reported a £1.68m fall in 1986 pre-tax results.

While sales increased from £49.5m to £53.3m, taxable profits declined from £6.32m to £4.64m in the year ended December 31. The company said the main reasons were the cost of maintaining its market position in fiercely competitive conditions, and the cost of expansion programmes in West Germany and the US.

In a market which was depressed throughout the year, emphasis was placed on controlling costs and investing only in those markets which offer the best long-term growth prospects.

All areas of the group's operations showed a deterioration in results. UK profits were £1m, lower at £4.6m, while in West Germany there was a reduction from £965,000 to £622,000 and US losses were more than doubled at £559,000 (£273,000).

The company said, however, that this year all operations in the UK, West Germany and the US should benefit from better market conditions. It was confident that products it handled offered better than average growth potential, while the utilisation of new technology products, such as programmable logic and high density CMOS parts, would accelerate during the year.

Many new projects with which Memec had been associated in the design phase would reach production in 1987 in the military, industrial, telecommunications and other sectors.

Profits for 1986 were struck after charging an exceptional doubtful debt provision of £376,000. Stated earnings per 10p share fell from 12.94p to 9.63p, but the final dividend is raised to 2.4p (2.125p) for a total payment of 3.3p (3p).

Armstrong Equipment makes £9m provision

ALONG WITH a 10 per cent rise in interim profits, Armstrong Equipment, engineer, announced that it was making a £9m once-off provision as an extraordinary item to cover the elimination of certain activities.

The company said it had carried out an extensive review of its products and markets, with the objective of defining and encouraging those which are profitable and have growth potential, and eliminating those that have not.

Armstrong said it was confident that this pruning would produce a stronger, healthier and more profitable group. The company's Learjet has been sold for £1.4m "as an unnecessary expense."

The new Armstrong would be leaner, more tightly knit and based on the concept of specialised engineering, with a rapidly developing high technology content. It would operate internationally in suspension components and systems, industrial fastenings products and in advanced technology engineering which it said were the key sectors where it had proven skills.

Pre-tax profits for the six months to December 31, 1986 rose from £3.31m to £3.64m, on external sales 13 per cent higher at £65.56m, against £57.79m. Current prospects were said to be encouraging.

Stated earnings per 10p share increased from 5.68p to 6.4p and the net interim dividend is stepped up to 0.9p (0.75p) net—last year's final was 2p.

First-half trading profits were up from £5.08m to £5.48m, before interest charges of £1.84m (£1.77m). Tax took £311,000 (£252,000).

● comment

It appears Armstrong Equipment has less need for its Learjet (and the attendant costs) under the water-borne Roy Watts than it did under the high-flying Harry Hooper. The company has also shed several peripheral activities which between them knocked £600,000 off the pre-tax total in this half. However, this does not do enough to cover up a disappointing set of figures and the shares fell 16½ to 154p to reflect this. The core car suspension business continues to gain from its advantage over Deutschemark based competitors, although with such a large slug of the UK market further growth will have to be overseas once overhead costs are trimmed. The other kind of support the shares might enjoy is from would-be bidders. Here the £20m of tax losses, worth 13½p a share, and the improvements in the balance sheet following the write-offs this time round might interest someone and the shareholders' register is wide open—except for the "long-term" 6.2 per cent investment made recently by Caparo. On £9.2m pre-tax for the year the shares are trading on a modest prospective p/e of 9½.

Forward Technology lifts profit by £1.3m

A PROFIT increase of £1.28m was achieved in 1986 by Forward Technology Industries. The pre-tax figure came to £2.46m.

Turnover surged from £27.46m to £36.38m and the operating profit from £1.73m to £2.78m, made up of electronics £2.48m (£1.48m), sound and vision £740,000 (£386,000), discontinued activities loss £101,000 (profit £122,000) and central overheads £338,000 (£257,000).

Interest charges comprised continued activities £267,000 (£499,000) and discontinued £57,000 (£49,000).

Pre-tax profit was struck after allowing for the Cambrosound losses up to the date of sale of £158,000.

Earnings came to 5.3p (2.7p) and the dividend is the forecast 0.7p on capital increased by rights issue (0.5p).

There was also an extraordinary loss £782,000 (credit £1.29m) relating to the loss on the sale of the subsidiary £706,000 and a change in overseas tax £76,000.

Mr Henry Prevezer, chairman, said the restructuring of the sound and vision activity was completed with the purchase of Fraser Peacock (included on merger accounting basis) and the sale of Cambrasound.

Forward Sound and Vision improved profitability by better cost controls and selective selling. It was poised to be in the forefront of the market for the duplication of digital audio tapes when that system became available in the UK later this year.

The ultrasonic activity remained buoyant. The chairman said acquisitions opportunities were being pursued.

Overall, he looked for 1987 as being a year of further progress.

Garton Eng. helped by lower interest

A reduction in interest charges from £268,000 to £181,000 enabled Garton Engineering to raise 1986 pre-tax profits to £621,000, against £554,000 previously.

A small rise in sales to £13.9m (£13.2m) was insufficient to recover fully higher costs. The difficulty in obtaining price increases in harsh market conditions, resulted in a reduced sales margins, the company said. Trading profits fell to £802,000 (£822,000).

Exports have continued to increase and further growth this year is expected. The company said that when the expected improved demand in the home market for manufacutred components came through, provided there was no significant delay, it would expect an improvement in 1987 results.

After tax of £109,000 (£100,000), earnings per 10p share were ahead from 12.33p to 13.85p. The dividend total is raised to 4p (3.5p) net with a final of 3p.

Berkeley and Hay Hill expects further growth

AS anticipated last October, the level of rental income at Berkeley and Hay Hill Investments, continued to expand. Rents received totalled £2.14m against £975,000 and are expected to increase substantially during the current year.

This Staffordshire-based group, which gained a full listing in December, increased its pre-tax profits by 51 per cent from £535,000 to £811,000 in 1986.

The board did not yet feel it was prudent to begin paying a dividend.

The net asset value of the company was 57 per cent higher at £15.79m at the year-end, while the value of its property portfolio had doubled to over £19m.

Group turnover for the year was £7.1m against £3.24m, and apart from rents received, property development and contracting contributed £4.96m compared with £2.26m and profits of £1.31m (£767,000).

The pre-tax figure was after interest charges almost doubled at £1.07m (£563,000). Tax took £110,000 (£58,000), and there was an extraordinary credit of £11,000 (£332,000 debit), leaving retained profits of £712,000 (£145,000).

Stated earnings per share were 0.71p (0.56p) on ordinary activities, and 0.72p (0.17p) after extraordinary items.

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Chernobyl and Libya spur profits plunge for Saga

BY RALPH ATKINS

THE CHERNOBYL nuclear disaster and the bombing raid on Libya hit Saga Holidays in 1986. Pre-tax profits fell to £278,000 from £4.1m.

The fall in profits for the year to October 31 was worse than analysts expected for Saga, which organises holidays in the US and Europe for the over 60s.

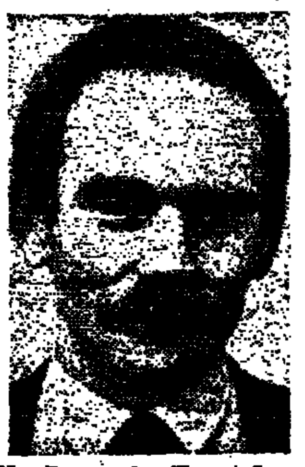
The drop was also due to restructuring costs. Administrative and marketing expenses of £15.47m, compared with £12.56m in 1985, included the cost of installing a new computer system.

The group also bought a 77,000 sq ft office building in Folkestone, valued at £1.6m in the balance sheet, but has not yet disposed of its old premises.

Turnover was up to £72.70m from £69.92m. But earnings per share fell to 1.40p from 11.81p. Shares in Saga closed unchanged at 164p.

A final dividend of 3p is proposed, an unchanged total of 4.6p for the year. The company says this is justified, given that 1986 was exceptionally bad for the company and the prospects for a recovery in 1987.

Mr Roger de Haan, chairman, said Chernobyl and Libya accounted for much of the profits fall. Without them, Saga's performance would have been much better. "I think the City would have found it a satisfactory year. The events out of our control robbed us of that," he said.



Mr Roger de Haan, Saga chairman: events out of our control

He also said restructuring would leave the group in a position to take advantage of any recovery. "There are significant opportunities to reduce our overheads over the next three or four years," he said.

Saga had hoped for a substantial boost to profits from the US, which accounts for about 30 per cent of turnover, but promotional and administrative costs had been geared to a much greater turnover than that achieved.

The company made a loss of £250,000 on its Australian operation set up in 1985. This year it hopes to break even before making profits in subsequent years.

The group's liquidity remains high. Investments stand at £20.94m. Investment income rose to £2.37m from £2.13m.

Other operating income, including the sale of property in Portugal and compensation from the Laker settlement, was £323,000. The tax charge fell to £26,000 from £1.94m.

● comment

There is no escaping from the fact that 1986 was a bad year for Saga. Chernobyl and the threat of retaliation after the US raid on Libya, threw a spanner in the holiday business. On to pof this the company was paying the costs of restructuring, including a new computer system and head office. Bookings so far this year in the UK are 10 per cent down on the same time last year but Saga say the trend is for people to book later. The US, however, looks buoyant suggesting that 1987 should show some recovery. There is also scope for cutting overheads. Given the uncertainty about the market, a pre-tax profit of £2.5m for 1987 can only be pencilled-in. At yesterday's close of 164p this gives a prospective p/e of about 18, considerably in excess of other major travel companies. Even if the prospects for a recovery in the next few years are good, this degree of optimism is difficult to justify.

T & N sells S. African division for £22.7m

By Ralph Atkins

Turner & Newall is selling the building products division of its South African operation in a deal worth R75m (£22.7m).

The group says the disposal is in line with its policy of concentrating on industrial and automotive products and reducing its stake in asbestos-related building materials.

The division is being sold by Turner & Newall Holdings, the group's 51 per cent-owned South African subsidiary, to Everite, the South African arm of Eternit, a Swiss company.

Mr Colin Hope, group managing director, said that the sale was not a political move as it would not reduce the group's investment in South Africa.

"We see it as a good move from a strategic point of view," he said.

Everite is paying for the deal by issuing 22.13m shares to Turner & Newall with a market value of R75m. The building products division has net assets valued at about R40m.

Turner & Newall now holds a 25 per cent stake in Everite, formerly its main competitor in the South African market for asbestos and other building products.

In 1986 the building products division reported operating profits of R4.5m on a turnover of R45m. The group's South African operations as a whole reported pre-tax profits up 34 per cent to R15m.

Last April, Turner & Newall reduced its control of its South African company from 78 per cent to 51 per cent.

Ryan slightly ahead of forecast

Ryan International, the coal recovery and trading group, raised 1986 pre-tax profits by 6 per cent from £4.63m to £4.9m, which was slightly ahead of the £4.7m forecast in December at the time of the offer for Derek Crouch.

Earnings per 5p share were stated at 3.8p (5.1p) or 3.3p (3.4p) fully diluted. Tax charge was £1.49m (£1.4m) and there was also an extraordinary charge of £0.3m, against a £1.74m credit previously.

The company has not paid a dividend since 1974, but payments totalling not less than 1p have already been forecast for the current year.

The company said that Crouch, which was acquired after the year end, had an open cast mine in the US which it believed had a good future. Since this acquisition, Ryan had moved rapidly to rationalise the combined entities.

Crouch's head office in Peterborough had been closed and it was proposed to sell the 10 acre site. The Australian property company had been sold and it was intended to sell the UK home building company.

Group turnover for 1986 dropped from £61m to £51m, while operating profits were ahead at £6.07m (£5.62m). Net interest payable took £1.18m (£987,000).

Ryan is to change its name to Coal Holdings.

● comment

Ryan International is proving slow to reward its small but loyal band of enthusiasts: two years after the Hotson team rescue in March 1985, fully diluted earnings per share have yet to improve and the share price (adjusted) has never risen above its short-lived high of 39½p in December 1985. Cheap South African coal imports and low oil prices were the main hindrance to progress at the pre-tax level in the year just ended, lopping £2.4m off Belgian profits to leave them at £600,000. The less liberalised UK market proved more resilient, and with Williams and Crouch in for the full year in 1987, the group should produce some £10m. Dilution and a slightly higher tax charge will again hold back the earnings improvement, and with the shares down 1p at 38p, the prospective p/e ratio comes out at around 11¼—probably high enough for a company whose bottom line has yet to impress.

Hall Engineering

The Richardson brothers have increased their stake in Hall Engineering to 9.5 per cent.

Burns Anderson and Dudley, two companies controlled by the property developing twins, bought a further 7,500 and 10,000 shares respectively and along with Regentcrest, another Richardson-controlled company, now own 1.35m shares.

DERWENT VALLEY (property investor): Final dividend 3.93p for 1986 total 4.675p (4.25p). Net revenue from properties £784,000 (£200,000) and profit £285,000 (£41,000) subject to tax £113,000 (£16,000). Extraordinary credits £10,000 (£438,000). Earnings 5.23p (1.39p). Net asset value 252p (185p).

Combined Lease Finance growth

The fast growing Combined Lease Finance experienced a period of transition in 1986 with the offer for sale in May followed by a rapid increase in profile and activities.

This leasing and lease purchasing specialist lifted its volume of new business written from £26.3m to £38m, turnover from £17m to £26.3m, and pre-tax profit from £1.53m to £2.8m.

The final dividend is 0.9p for a net total of 1.35p (0.81p) as earnings per share reached 15.6p (12.1p).

The recently announced joint venture with Commercial Union Assurance had the potential to become a major contributor to the group's future fee income.

Mersey Docks profits 'more soundly based'

The Mersey Docks and Harbour Company, which controls the port of Liverpool, reported pre-tax profits down on last time's £2.4m at £2.1m in the year to December 31 1986. Turnover fell from £53m to £51.4m.

Mr James Fitzpatrick, chairman, said that the results were encouraging: they were more soundly based and indicated continuity and stability in a tough commercial climate.

He said that 1986 represented the third full year of trading successfully as a result of the port's total transformation. Productivity had doubled in the past five years. Liverpool's industrial relations had made it one of the most stable ports in the UK and Europe, and it enjoyed the confidence of the private sector measured in investment totalling £120m.

The figures for 1985 had included windfall container traffic as a result of a 13-week strike at the port of Southampton and significantly higher overseas consultancy earnings. The 1986 figures were more solidly based in continuing mainstream activity.

However, Mr Fitzpatrick added that the docks were still suffering from problems imposed from the outside.

The cost of surplus labour had been the most serious difficulty facing the company for some years and in 1986 payments for registered dock workers for whom there had been no work totalled £1.7m, a sum equivalent to more than 7 per cent of the total cargo handling revenue.

Mr Fitzpatrick added that a special two-week voluntary severance scheme in December, offering dockers a maximum of £35,000 per man and intended to reduce the docks' workforce by more than 300, had been frozen by the Government.

The company was disappointed with the decision last Friday of the Lands Tribunal to award compensation of £3.1m from the Merseyside Development Corporation for the acquisition of the South Docks and to award costs to the development corporation for action after December 20 1985.

He said that the company was considering with its advisers the question of an appeal.

The company paid no tax (£400,000) and earnings per share worked through at 10.4p (9.8p).

Burgess soars to record £1.7m halfway

PRE-TAX PROFITS at Burgess Group (formerly Burgess Products), manufacturer of precision electrical and electronic components, soared from £825,000 to a record £1.78m in the 26 weeks to January 31 1987, and the interim dividend is raised from 0.5p to 0.75p net.

Mr Bob Morton, the chairman, said the figures reflected the acquisitions of Coin Industries and its subsequent reorganisation which had a significant impact on the half-year figures.

The acquisition of Saia—from Landis & Gyr, the Swiss engineering group—and the associated rights issue, had substantially increased the capital base of the company.

It was intended to fully exploit the growth potential of Saia, and those benefits would progressively flow through the group.

Mr Morton said the group's level of activity remained good with a strong order book. Prospects for the second half were excellent.

Group turnover for the half year rose from £13.56m to £15.67m. The pre-tax figure included ingerest receivable of £55,000 (£178,000 payable). Tax was estimated at £694,000 (£302,000), leaving attributable profits up from £625,000 (including an extraordinary credit of £120,000) to £1.08m. Stated earnings per share improved from 3.9p to 8p.

Mr Morton said turnover and profits from Burgess micro switch activities improved by 12 per cent and 57 per cent respectively, with operations in West Germany benefiting, in particular, from their strong economy.

Order intake had remained buoyant and the current level of demand was expected to continue throughout the remainder of the year.

American Trust

American Trust, Edinburgh-based investment rust, reported net asset value up at 183.9p at the end of January 1987, against 168.4p a year earlier.

Net revenue for the year to January 31 came out at £5.49m (£4.22m). The directors are proposing a final payment of 2.15p (1.95p) making a total of 3.3p (3.1p).

Minority interests took £1.59m (£979,000) leaving earnings per share of 4.7p (3.9p) or 4.65p (3.86p), assuming full conversion of B ordinary shares.

Bilston beats forecast at £524,000

Bilston and Battersea Enamels, the manufacturer of hand-painted objects d'art which joined the USM in November 1986, comfortably exceeded its £500,000 pre-tax profits forecast with a full-year figure of £524,000.

Turnover for the year to enud-December 1986 rose 18 per cent to £3.43m due mainly to export sales to the US, and the pre-tax figure was 66 per cent higher than 1985's total of £315,000.

The planning and equipping of the additional factory premises should be completed by this summer in time to meet the heavy demand expected in the second half, said directors.

The year has started with encouraging order levels, and production levels have increased. The company's improved financial position will enable it to build up stocks to help meet the demands of pre-Christmas ordering.

Directors have proposed a final dividend of 0.7p per share, as forecast at the time of the USM launch.

Interest receivable rose from £4,000 to £13,000. After tax of £193,000 (£124,000), earnings share based on a weighted average stood at 8.2p (4.8p).

VALOR'S electrical appliance division has set up a new company in Belgium by acquiring WIK Belgium and merging it with Dreamland (Belgium). The move is part of the group's expanded sales drive in Europe.

Demand for chemicals lifts Hickson to £15m

A £2.75M increase to £8m in the second half enabled Hickson International, the diversified group, to produce a pre-tax profit of £15.08m for the whole of 1986.

That compares with £13.12m in 1985, and with £15m and £14.76m in the preceding two years.

Mr M. Hopley, chairman, said prospects for 1987 appeared good. Demand for chemicals worl-wide remained firm: there were promising signs of improvement in the timber protection business; and the merchant distributor side was expanding with good prospects for further acquisitions.

He pointed out that oil prices and exchange rates could have a significant effect on profits; excluding any adversity from those two factors, however, he belived there were good prospects for profit growth this year and beyound.

Turnover in the year 1986 rose 9 per cent, from £148m to £161.46m, while the increase at the pre-tax profit level represented nearly 15 per cent.

After tax and minorities, earnings came through at 48p (39p) per share, and the final dividend is 12.2p for a net total of 17.5p (15p). There was an extraordinary debit of £1.5m (£1.6m).

Mr Hopley said both chemicals and merchant distributor performed well, with the former producing a record £10.2m profit, up from £6.8m. Restructuring and rationalisation at Castleford progressed effectively and costs were keenly competitive for the future.

In the timber preservation, however, profits showed a further decline of £1.6m. That was largely attributable to New Zealand, where severe competition was "little short of disastrous" for the business. In most other markets business improved throughout the year.

The chairman said the balance sheet remained strong. Net borrowing at the end of 1986 were £2.5m, which left "considerable scope" for acquisitions. He thought some of the best growth prospects were in the US, but conceded that it was proving difficult to find suitable companies.

● comment

After three years of struggle, Hickson's pre-tax profits have finally managed to get back to where they were in 1983. However, in the belief that the worst must be over, the market marked the shares up 28½p to 565p. The all-in effect of the problems of timber protection in New Zealand knocked £2m off profits last year but by buying up one of its competitors, Hickson hopes to have put an end to the Antipodean price war. Loss elimination down under will be aided by a full year contribution from recent acquisitions — £800,000 after financing costs last year. Given the current oil price, chemicals, by far the largest profits contributor, should have another good year and is targeted as a major area for expansion, whilst merchant distribution is now established as a fully-fledged third leg. All in all, pre-tax profits should edge over £18m making the prospective p/e an undemanding 9.

Brent meets market hopes at £7.3m

BY TONY JACKSON

Brent Chemicals, the speciality chemicals manufacturer, has matched the market's expectations with a 24 per cent rise in pre-tax profits to £7.3m for the year to December 1986. Brent's shares rose 4½p to 186p.

Mr Steve Cuthbert, group managing director, said profits growth had been strongest in the three areas of chemicals for packaging, aerospace and printed circuit boards. Together these now accounted for 50 per cent of group sales.

Excluding acquisitions, he said, half of last year's sales growth had come from organic growth in businesses owned at the beginning of 1985. These businesses had accounted for more than half the growth in post-interest profit.

Last October's £12m rights issue and a higher tax rate held back growth in earnings per share to 17 per cent. Mr Keith Hutchins, Brent's finance director, said the year-end balance sheet showed net cash of £5.4m, though this had since fallen to around £1m after the two acquisitions made so far this year, the French ink maker Blancomme and the UK flexographic plate-maker Sherwood.

Sales rose by 11 per cent to £59.0m. Interest payable was 20 per cent up at £451,000, despite the rights issue, and the tax charge was two points higher at 35 per cent. The final dividend is 3.6p, making a 13 per cent increase for the full year to 4.56p net. The current year had started well, Mr Cuthbert said.

● comment

Companies like Brent are tricky to assess, and supposed to be; the niches they operate in are profitable precisely because few people are aware of them. The recent record is clear enough, though, with last year's 17 per cent rise in earnings looking set for repetition in the current year. Some of that growth continues to come from existing businesses, but Brent is an increasingly active horsetrader within its chosen field, especially now that its disastrous sally into US textile cleaning in the early 1980s is well behind it. The two favoured areas for acquisition are the most recent—packaging and printed circuit boards—with the geographical emphasis on Northern Europe and Germany in particular. Adding in a £300,000-plus contribution from Blancomme, this year should see pre-tax profits of £10m. This puts the shares on a multiple of over 15—something of a premium to the sector, and probably enough to deter any predator looking to come by a speciality portfolio the easy way.

Enlarged Linread boosts its profits to £756,000

Linread, a manufacturer of cold-forged fasteners, lifted pre-tax profits from £722,000 to £756,000 in the year to December 31, 1986. Group turnover increased from £15.1m to £16.7m.

The directors said that the enlarged group—it acquired Warne Wright Engineering for £1.8m in January 1987—would benefit from all that had been done in the past few years. Figures for 1987 would include an 11-months contribution from Warne Wright.

Since recording a pre-tax loss of £595,000 in 1983, Linread has moved steadily back into the black.

Sales of fasteners increased by 11 per cent to more than £4.5m and the division had maintained its profitability. The directors reported that new orders were stronger in the first half of the year.

The commercial products division was now in a strong position to increase its sales and profitability. The absorption of Warne Wright into the division had given it a significant extension of its product range.

The division was now in the first league of European industrial fastener manufacturers and had the range of products and the facilities needed to take it forward into a profitable future.

Difficult market conditions for Lintite Systems had resulted in sales of blind fasteners being maintained at the same level as in 1985.

Tax charges rose from £50,000 to £70,000 and extraordinary profits amounted to £72,000 compared with losses of £524,000 last time.

Earnings per share rose to 12.79p (12.53p) and the directors proposed a final dividend of 2p (1.5p), making a total of 3p (2.5p) for the year.

Better trend at Magnetic Materials

Magnetic Materials Group yesterday reported pre-tax profits of £806,000 for the half year to December 31 1986. These represented a significant improvement over the previous six months' figure of £350,000, but were short of the £980,000 made in the same period of 1985.

Mr E. L. Michaelis, chairman of this USM-quoted maker of magnetic and plastics components, said that with order intake gradually improving, he was confident that the full year's results would be better than last year's £1.38m pre-tax.

Heavy capital expenditure had reduced the company's average tax rate from 21 per cent last year to 12 per cent. First-half charge was £90,000 (£197,000) and stated earnings per 10p share came to 4.1p (5.1p). An interim dividend of 0.9p will be paid — last year's single final was 1.87p.

First-half turnover increased from £6.73m to £7.35m.

Newer branches help lift Charlie Browns by 61%

Charlie Browns Car Parts Centres, which on March 10 agreed to a £19.1m bid from Woolworth Holdings, reported pre-tax profits up by 61 per cent from £317,000 to £511,000 in the half year to January 31, 1987. Turnover rose from £8.6m to £9.8m.

The takeover by Woolworth is conditional on Charlie Browns forecasting profits for 1987 of not less than £1.35m.

Mr Andrew Bairstow, chairman and joint managing director of Charlie Browns, which came to the USM in May 1985 valued at £4.6m, said that the company's newer branches had contributed to the sales increase but that there had been very worthwhile growth from existing stores.

The company had increased its market share in many locations, while all the stores had benefitted from the introduction of new services. He added that a new branch had been opened in Hull and a purpose-built branch would be opened in Halifax in May.

Charlie Browns' supermarkets and fittings sector lifted sales from £5.9m to £7.6m while its petrol stations saw sales fall from £2.7m to £2.1m following the closure of one filling station. Interest payable rose from £77,000 last time to £97,000.

After tax of £187,000 (£122,000), earnings per share moved ahead from 3.3p to 5.4p. The interim payment is lifted to 1.5p (1p).

Randsworth buys more Apex

Randsworth Trust, the USM-quoted property company has purchased a further 625,000 shares in Apex Properties, taking its total holding to 2.6m shares or 24.32 per cent.

Three weeks ago Randsworth launched a £57m agreed offer for London and Provincial Shop Centres.

Randsworth has not ruled out a full bid for Apex in future. Much of its holding in the company (a 12.58 per cent stake) came from John Govett, the fund management group, which on behalf of discretionary clients swopped the Apex holdings for an increased stake in Randsworth.

KLM to establish links with B&C

BY NIKKI TAIT

KLM Royal Dutch Airways announced yesterday that it is planning to acquire the outstanding 50 per cent holding in XP System, a Dutch-based parcel delivery service, and will then offer a minority stake in the company to British & Commonwealth Holdings, the UK transport and financial services group.

KLM is already talking to B & C about taking a minority stake in IML Air Services, B & C's own international courier subsidiary, and is also discussing the purchase of a 15 per cent holding in B & C's Air UK.

XP System is based in the southern Dutch airport of Maastricht and has annual turnover of 100m guilders. It is currently owned jointly by KLM and Dutch retailer, Vendex International. Yesterday, B & C said it would be extremely interested in a stake in the company.

BOARD MEETINGS

TODAY

Interims: Alva Investment Trust, Arenson Group, Ben Bailey Construction, Chambers and Fargus, Close Brothers, Pressac, Tay Homes.

Finals: Abbeycrest, Alida Holdings, Babcock International, Bestwood, Botswana RST, Brikat, British Aerospace, Derek Bryant, CPU Computers, Candover Investments, Clifford Dairies, Clyde Petroleum, Coats Viyella, Davidson Pearce, Equity and Law Life Assurance, Garfunkels Restaurants, Great Nordic, Hall Engineering, Hambro Countryside, Iceland Frozen Foods, Johnson Group, Thomas Jourdan, Lopex Communications, Peninsular and Oriental Steam Navigation, Rockwood, Readymix, Rohan Group, Standard Chartered, Tibbett and Britten, Trade Indemnity, Trinity International, Willis Faber, Wolstenholme Rink, Arthur Wood (Longport), Woolworth.

MANAGEMENT : Small Business

"IT'S OUR INTENTION TO PUT GRIBBLE'S TAPPETS AND FLANGES BACK ON THE MAP WHERE THEY BELONG, MR GRIBBLE"

Revival of the fittest

Charles Batchelor reports on the growing incidence of management buy-ins

THE MANAGEMENT buy-out, the currently fashionable method of revitalising tired companies, is starting to face competition from an even newer technique. The buy-in is emerging as an alternative means of shaking up poorly performing managements.

Plans to return Cambridge Instruments, the scientific equipment manufacturer, to the stock market later this month are seen by supporters of the management buy-in as proof of the potential of the new technique.

After floundering for much of the 1970s Cambridge was revived in 1979 when Dr Terry Gooding, now the chief executive, was brought in as head of a new three-man management team. Gooding arrived at Cambridge long before the term "buy-in" had been invented. But having turned losses into a profit of nearly £5m on sales of £100m in 1985-1986 he is seen as a pioneer of the technique.

A number of buy-ins or attempted buy-ins at public companies have caught the headlines. The £310m buy-in of Woolworth Holdings, the High Street retailer, in 1982 is the largest to date and Philip Ling's unsuccessful contested buy-in attempt earlier this year of Simon Engineering has been the most acrimonious. But the buy-in is being carried out equally enthusiastically in small private companies.

"It is still early days for the management buy-in but it may equal or overtake the number of management buy-outs in number and in value," Hugh de Quervain, managing director of Midland Montagu Ventures, the venture capital arm of Midland Bank, told a conference on buy-ins earlier this month.

Signs that a pattern of buy-ins was developing has also prompted bankers, venture capitalists and accountants to start grooming teams of professional managers who would be ready to parachute into a troubled company.

While a buy-in shares common factors with the better known buy-out there are distinct differences. It shares the combination of an investor or group of investors, which provide the bulk of the finance, and a management team which takes an equity stake and frequently options to reward performance.

But where the managers in a buy-out are formed from the existing management team, in a buy-in they are strangers to the company and are brought in from outside. This places an extra premium on their management skills and their ability to respond to the problems of the company they are joining.

Both buy-outs and buy-ins characteristically inherit a heavy load of debt which must be paid off as rapidly as possible from profits or from disposals of non-essential parts of the business.

De Quervain lists the three essentials for a successful buy-in as:

- A management team with a successful track record, preferably in the same industry as the company they are taking over. Experience of managing an independent company, rather than of just running a subsidiary of a larger group, is also an advantage. Ideally the managers will have previously carried out a buy-out of a company for which they worked.
- An investor able to judge a good management team and willing to take on the higher risk associated with buy-ins compared with buy-outs. The investor must also be ready to be quite closely involved with the management team.
- A target company which is under-performing because of weak management. It may be a subsidiary or an independent company, either private or public, with a management or shareholders who want to sell out.

De Quervain and other supporters of the buy-in technique believe that the development of buy-outs—from being a method of disposing of poorly performing or failed companies to a means of spinning off successful but non-core businesses—has left new openings for the buy-in.

Companies will remain keen to dispose of their poor performers but will prefer to choose the buy-in route—with a completely new management, he says.

The managements of companies which are frustrated in their hopes of staging a buy-out will be ready to consider the alternative of taking part in buy-ins, de Quervain believes.

But the risks of the buy-in should not be overlooked. Teams of new managers who may not have worked together before going into industries with which they are not familiar are likely to suffer more casualties than a buy-out team which knows its company well.

"There can be a clash of cultures between the new managers with their big company background and the existing management of a small firm," warns Nick Pasricha, head of the business services group at accountants Arthur Young.

Problems can also arise when a family management finds difficulty in handing over to a new professional management.

"An unlisted company run by several generations of the same family may advertise for help but can, at the last moment, be reluctant to give up power," says Adam Mills, a partner at accountants Spicer and Pegler.

Agreed deals have the best chance of success. Ken Coates and Nigel McCorkell were unhappy with their lot as directors of Flight Refuelling, a defence equipment company, when a friendly stockbroker suggested Meggitt Holdings, a loss-making machine tool distributor, might be a suitable outlet for their talents.

Backed by 3i, they staged a buy-in in November 1983, returned Meggitt to profit and have carried out a series of acquisitions.

"The company was in such poor shape that our arrival was bound to be well received," says Coates. "There were no personality clashes. We did not see what we were doing as a new concept. It seemed the most obvious thing to do."

Philip Sturrock was managing director of book publishers Routledge and Kegan Paul until they were taken over in 1985. After a period as a consultant he persuaded the Prudential and Schroder Ventures to back him in a buy-in if he could find the right company.

After six months he lighted on Cassell, a dictionary publisher and a division of Holt-Saunders, the UK book publishing arm of CBS, the US media group. Sturrock and two other former directors of Routledge moved in with the backing of CBS and Cassell, though they discovered later the management of Holt-Saunders had considered a counter-bid.

"Cassell had a good name and a good backlist but they hadn't realised their full potential," says Sturrock. "We moved in as a new top layer of management. We saw it as a business opportunity rather than a buy-in."

Generally, the greatest problems have been encountered where management buy-ins have been attempted for public companies in the face of strong opposition from the existing management.

Philip Ling, managing director of Haden, the engineering group, failed in his attempt to impose new management on Simon Engineering, a company with an unexciting but steady profits performance.

Ling, who had previously staged a much praised management buy-out at Haden to ward off a takeover bid from Trafalgar House, the construction, engineering and shipping group, failed to persuade the City or Simon's shareholders that he was offering a stronger management, or a good financial deal.

Would-be entrepreneurs

Getting started with the right idea

Stephen Halliday begins a three-part series of practical hints

MORE THAN a quarter of new British businesses identified in a recent survey by a major insurance company were founded for reasons directly connected with redundancy or unemployment. Many of them were started by people made redundant in mid-career, often with large sums of redundancy money to invest. Others were founded by young people who had never had a job.

An important question is how these groups find their business ideas. The experience of enterprise agencies suggests that many of them simply grasp the first idea to present itself—a village shop, a taxi service, a word-processing bureau.

Government programmes like the Enterprise Allowance Scheme proceed from the assumption that the would-be entrepreneur already has a suitable business idea. How, then, can potential entrepreneurs be helped to find suitable ideas on which to base small businesses

One method is to look at information which can help to identify those markets in which small firms do well.

Certain government publications help to identify activities in which small firms are well established. For manufacturing concerns the best source to use is the annual Size Analysis of UK Business, published by the Business Statistics Office as Business Monitor PA 1003. This reveals that, in manufacturing industry as a whole, 6.6 per cent of jobs are to be found in units (ie, factories or workshops) employing fewer than 10 people.

To identify those activities in which small firms are well established it is necessary to find out which sectors have units accounting for a proportion of jobs significantly higher than 6.6 per cent.

There are, in fact, over 50 such sectors. This is too many to list here, but some patterns are discenible.

First, there are several markets in which small market segments and/or local distribution are important. Ice cream and baking are both markets in which small segments (such as vegetarian and wholemeal bread and "real" ice cream) have become important in recent years.

In such segments small-scale specialist producers may have an advantage over highly geared mass-production units. Indeed some large firms have been reducing their activities in these markets, leaving behind pockets of opportunity for smaller, nimbler operators.

A second category in which small units are important consists of those markets in which "custom-made" or "one-off" products are required, lending themselves to flexible, small-scale manufacture. For example 14 per cent of people employed in making shop and office fittings work in units of fewer than 10 employees.

This reflects the fact ahat most shops are independently owned, especially the up-market boutiques, and they seek made-to-measure rather than standardised fittings.

Thirdly, small firms do well in markets where changes in taste and fashion require flexibility and design input rather than mass output.

Thus 16 per cent of people making women's clothing work in units of fewer than 10 employees. The figure for leather goods, excluding footwear, is 21 per cent. Finally the craft-orientated categories have a high proportion of jobs in units of fewer than 10 workers. Examples are jewellery (33 per cent) and musical instrument making (18 per cent).

In Retailing the bi-ennial Retailing Enquiry (HMSO reference SDO 25) enables those sectors to be picked out in which small independent retailers do well. It is possible to identify those markets in which such retailers have a high market share and those in which the number of outlets is stable or growing. From this analysis emerge four factors which appear to be significant in helping independent retailers to succeed.

The first is Hours of work. An ability to get up early and work long hours is a feature of many independent dominated sectors. These include newsagents, greengrocers, bakers, florists and nurseries (where of course Sunday working is important). The need for overtime payments makes these trades unattractive to multiple retailers.

The second factor which helps to protect independent retailers is resale price maintenance which effectively protects independent booksellers and newsagents from price-cutting competition by multiples.

Production differentiation is a third characteristic of markets where independents do well. They enjoy a high market share in such categories as cards, gifts, chinaware, garden products and antiques—all sectors in which purchases are occasional and price less critical than choice and quality.

Finally there are markets in which the specialist knowledge or service of an independent retailer can influence the buyer's choice of shop. For example, they do well in selling cycles, lawnmowers and sports' and camping equipment.

The list is incomplete, but reveals some of the factors which, intelligently applied, can help a small retailer to succeed.

Published statistics on Catering Trades are not as extensive as those on manufacturing or retailing but much can be learned from the Annual Abstract of Statistics (HMSO) and the publications of the Hotel and Catering Industry Training Board.

The take-away food market is immediately shown to be a major opportunity area, growing by 51 per cent in three years and dominated by independent and franchised outlets.

Stephen Halliday is senior lecturer in small business operations at Buckinghamshire College of Higher Education and has carried out research on small business opportunities on behalf of the Economic and Social Research Council. He is the author of "Which Business? How to find the right idea for starting up." published by Kogan Page in April 1987 (£5.95) on which the above article is based.

More jobs—fewer takers

SMALL FIRMS have increased their share of employment in most EEC countries but are not creating the sort of jobs which would appeal to most people on the unemployment registers in Europe, according to a recent study sponsored by the European Commission.*

The role of small and medium-sized firms—employing respectively up to 19 and between 20 and 99 people—differs in the various EEC member states. They provide just 22 per cent of manufacturing jobs in the UK, between 30 and 45 per cent in France, the Netherlands and Spain and more than half in Greece and Italy. In the services sector these firms play an even greater role, accounting for more than half of all jobs in all EEC countries for which data is available.

Small and medium-sized companies have been creating jobs at a time when larger enterprises have been reducing employment. But they tend to create different types of jobs from those in large enterprises. They employ more women and more part-timers. On the other hand, in the manufacturing industry in the UK and Germany skill levels in small firms are higher than in large companies.

Jobs in smaller firms are less permanent than in large concerns and pay levels tend to be lower. Overall, the study concludes, jobs in smaller firms are likely to be of a lower quality than those in large companies.

They are also less likely to appeal to the unemployed, particularly the long-term unemployed in depressed industrial regions. Low-paid, unstable, part-time jobs or skilled manual jobs are unlikely to be attractive to the unskilled and semi-skilled men who dominate the unemployment registers in many EEC countries.

The study concludes gloomily that the overall impact of small firm job creation on the unemployment register in most EEC countries will be relatively low. If small firm programmes are to continue to be an important part of employment policies in Europe this aspect should be given careful consideration, its authors urge.

** Small and medium sized enterprises and employment creation in the EEC countries. David Storey and Steven Johnson. Contact: Directorate General for Employment, Social Affairs and Education Division V/A/1, European Commission, 200 ru de la Loi, 1049 Brussels.*

Charles Batchelor

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APPOINTMENTS

Finance posts changed at Metal Box

METAL BOX has restructured its finance function following the appointment earlier this year of **Mr C. Murray Stuart** as group managing director. **Mr David J. Westby**, previously group treasurer, has been appointed to a newly-created post, director of group purchasing. **Mr A. Foster**, previously group financial controller, has been promoted to a new post as head of group finance and becomes responsible for all the financial functions of Metal Box including financial control, treasuary and taxation. He has also been appointed chairman of the group's pension fund.

From April 1 three managers will report to Mr Foster. They are: **Mr Michael Davis**, who has been appointed group financial controller. He was previously group financial manager. **Mr Peter C. Collier**, who was overseas treasurer, has been appointed group treasurer. **Mr Donald F. G. Day** will continue to report to the head of group finance as group taxation manager. In the food packaging division **Mr David M. Powell** has been appointed finance director. He was finance director of Metal Box Engineering.

★

EDINBURGH FINANCIAL TRUST has appointed **Mr David Williams** as chief executive of the fund management division. He was deputy managing director of Murray Johnstone. The fund management division of EFT is being formed from the business of Stanecastle Assets and Drummond Fund Management. A company recently formed by Mr Williams, Glasgow Investment Managers, will be merged with EFT's fund management interests.

★

Mr Michael Harris, at present managing director of GUSCO, mail order subsidiary of The Great Universal Stores, will be joining EMPIRE STORES (BRADFORD) as managing director later this year when **Mr Ralph Scott** retires.

★

Mr Albert S. Humphrey, chairman of Business Planning and Development Inc, has been elected a director of SLEEVEPRINT.

★

Mr Barrie Cottingham has been appointed regional executive partner of COOPERS & LYBRAND and takes on overall responsibility for the firm's UK offices outside London. He will continue to operate from Leeds where he is partner in charge of the five offices comprising the north east region.

★

ACCO EUROPE has appointed **Mr Cliff Grove** as deputy chairman. He remains responsible for Acco's interests in Ireland, Australasia and South Africa and will be involved in strategic decisions concerning the company. Mr Grove was acting president of Acco Europe. He has been succeeded as president by **Mr Gary Trussler**. Other recent changes within Acco Europe subsidiary companies are the appointment of **Mr Barry Sharp**, who has been promoted from general manager to managing director of Sasco. He has been with Sasco for five years and has been responsible for maintaining the company's share of th year planner market. **Mr Graham Campbell** has been promoted from general manager to margaging director of Carson Office Furniture. He was general manager.

★

INWARD, the agency for investment into north west England, has appointed **Mr Ken Medlock** as its chairman. He has been a member of the board and general council since September 1985 and vice chairman from June 1986.

★

Mr David Williams has been appointed chief executive of the fund management division of EDINBURGH FINANCIAL TRUST. He was deputy managing director of Murray Johnstone.

★

ASHTON-TATE has appointed **Mr Paul Sloane** as its UK managing director. He was formerly European marketing director.

★

BRAITHWAITE GROUP has appointed **Mr Stuart Ross** as group finance director. He joins from his post as corporate development manager at F. H. TOMKINS.

★

BALMORAL GROUP has appointed **Mr Alan Grant** as group general manager. He is responsible for the day-to-day operations of the eight companies which comprise the group.

★

NATIONAL HOME LOANS has appointed two new controllers for business development from April 1. They are **Mr John Carew**, who will be responsible for the Midlands and the north, and **Mr John Heron** for the south.

★

PRUDENTIAL-BACHE CAPITAL FUNDING (EQUITIES), broking arm of Prudential-Bache Capital Funding, has appointed three executive directors: **Mr Michael Hicks, Mr Alan Rooke**, and **Mr Keith Williams**.

★

PROVIDENCE CAPITAL INTERNATIONAL, a specialist expatriate financial services company in the Providence Capitol group, has appointed **Mr Philip Goldsmith** as marketing director. After leaving City insurance broker Marlowe Sachs in 1982, Mr Goldsmith founded Finexco, an international financial expatriate consultancy. He will remain on the board of Finexco as a non-executive director. **Mr Andy Croucher** will succeed Mr Goldsmith as group managing director and **Mr Arthur Fitzwilliam, Mr Frank Reilly, Mr Mike Rodger** and **Mr Peter Shirley** will be appointed to the board.

★

GILLOW has appointed **Mr Philip Lovegrove**, a director of the Gartmore investment group, as a non-executive director. A new finance director has also been appointed—**Mr Barry Noble**, who is a director of the Wades furniture group acquired by Gillow last December.

Promotions at Johnson Matthey

JOHNSON MATTHEY is strengthening its strategic planning and business development activities. **Mr David Viollet** has been appointed director, planning and development. On May 1 **Mr R. Gordon Drennan**, group internal auditor, is to be appointed group financial controller. **Mr Peter C. Le Mesurier**, currently group financial controller, will become group strategic planning controller. **Mr Stephen F. Hill** has joined as group internal auditor. He was previously a senior audit manager with Arthur Anderson & Co. Mr Drennan and Mr Hill will report to **Mr Gordon Thorburn**, finance director. Mr Le Mesurier will report to Mr Viollet who heads the group's new strategic planning and development team.

★

Mr J. J. (John) Wilson, commercial accountant, has been appointed commercial director, MARDON FLEXIBLE PACKAGING, Midsomer Norton.

★

Western Australia gold producer NORTH KALGURLI MINES has appointed **Mr Peter W. Tress** as a director.

★

ASTAIRE & CO, a London and Hong Kong-based stockbroker, is to change its name to CL-Astaire & Co. This change follows its acquisition by Credit Lyonnais. **Mr Edgar Astaire** continues as chairman. **Mr Yves-Rene Kuehn** is appointed vice chairman. Also appointed to the board from Credit Lyonnais are **Mr Jean-Francois de Bernardi, Mr Michel C. Botlan, Mr Roger M. Hernandez** and **Mr Christian P. Menard**.

★

SARA LEE UK has made two board appointments: **Mr Mike Woodall** has been appointed as operations director responsible for production at the Bridlington factory. He joins from Northern Foods, where he was manufacturing director of Park Cakes at Oldham. **Mr Brian Young** is also appointed to the board as financial director. He joins from RHM where he was corporate planning controller in the grocery division. **Ms Julie Woodbridge**, marketing director, becomes director and general manager, responsible for all sales and marketing activity in the retail sector. **Mr Bernard Stevens**, sales director, becomes director and general manager responsible for all sales and marketing activity in the food service division.

★

Sir John Harvey-Jones, outgoing chairman of ICI, will join the board of NIMBUS RECORDS as non-executive director on April 1. This appointment coincides with the assumption of the chairmanship of Nimbus by **Count Alexander Labinsky**, the company's former president.

★

Mr Peter Adams, commercial director of TAUNTON CIDER, will become managing director from September 1. This appointment has been made because of the impending retirement of the current managing director **Mr Geoffrey Stocks**.

★

Mr Duncan Bluck has been re-appointed chairman of the BRITISH TOURIST AUTHORITY and English Tourist Board for two years from April 1.

★

Mr Michael Colton and **Mr Stephen Jones** have been appointed directors of RUGBY SECURITIES, a property development and investment subsidiary of Hillsdown Holdings.

★

Mr Charles Hespin, managing director of Motorway Tyres and Accessories, has been elected president of the NATIONAL TYRE DISTRIBUTORS ASSOCIATION.

★

Mr George Duncan has been appointed to the board of CROWN HOUSE, as a non-executive director.

★

ALPINE, a new frozen food division of the NFC Distribution Group, has made three board appointments. **Mr John Kane** becomes head of personnel. He was previously personnel manager of Birds Eye Walls distribution division. **Mr Don Barber** is made financial controller. He held a similar post at Alpine Refrigerated Deliveries, before its acquisition by the NFC last October. New head of operations is **Mr Gordon Cooke**, previously regional distribution manager for Birds Eye Walls.

★

Mr R. Ian Hughes is the new director of the ENGINEERING AND SHIPBUILDING EMPLOYERS' ASSOCIATION, Yorkshire and Humberside. He succeeds **Mr Vernon Minett**, director since 1973, who retired due to ill health at the end of February. Mr Hughes was group personnel director of Sheffield Forgemasters.

Banco Safra SA

Consolidated Statements of Condition
(in Thousands)

Assets	December 31, 1986 US$	December 31, 1986 Cz$
Cash and demand accounts	428,780	6,386,678
Interest bearing deposits with banks	118,762	1,768,960
Trading account assets	1,818	27,079
Federal funds sold and securities purchased under agreements to resell	6,490	96,669
Loans, net of unearned income	2,129,457	31,718,411
Allowance for possible loan losses	(26,776)	(398,828)
Loans (net)	2,102,691	31,319,583
Other assets	152,140	2,266,131
Investment securities	5,592	83,293
Premises and equipment	311,567	4,640,790
Total assets	3,127,840	46,589,183

Liabilities and Stockholder's Equity	December 31, 1986 US$	December 31, 1986 Cz$
Non-interest bearing deposits		
In domestic offices	134,880	2,009,038
In foreign offices	21,663	322,670
Interest bearing deposits		
In domestic offices	1,660,924	24,739,463
In foreign offices	301,177	4,486,031
Total deposits	2,118,644	31,557,202
Borrowings	310,646	4,627,072
Inter-bank and inter-department accounts	32,495	484,013
Other liabilities	332,728	4,955,983
Deferred income	10,940	162,951
Minority interest equity	9,287	138,330
Stockholder's Equity		
Common and Preferred Stocks	77,207	1,150,000
Reserves	125,159	1,864,244
Retained earnings	110,734	1,649,388
Total stockholder's equity	313,100	4,663,632
Total liabilities and stockholder's equity	3,127,840	46,589,183

Consolidated Summary of Results
(in Thousands)

	Year ended December 31, 1986 US$	Year ended December 31, 1986 Cz$
Earnings before income tax	199,005	2,964,177
Income tax	(78,200)	(1,164,792)
Consolidated net earnings	120,805	1,799,385
Minority interest	541	8,062
Controlling interest	120,264	1,791,323
Consolidated net earnings	120,805	1,799,385

US$ 1.00 = Cz$ 14.895

Head Office: Rua XV de Novembro, nº 212 - São Paulo, Brazil
Banco Safra (Bahamas) Ltd.: Beaumont House, Bay Street, Nassau, Bahamas
Grand Cayman Branch: Albert Panton Street, Georgetown, Cayman Islands
New York Branch: 1114 Avenue of The Americas, New York, USA

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Knitwear and Children's Socks Manufacturer

Private group, comprising a knitwear manufacturer and a children's socks manufacturer, based in the East Midlands with substantial order book is available for sale. Offers either for the shares or assets and business of the companies will be considered.

Principal features comprise:
* Fully equipped freehold factory of approximately 57,000 square feet
* Established markets
* Combined turnover approximately £6 million
* 300 employees.

For further information, please contact:

Nigel Challis
Peat Marwick Acquisition Services (licensed dealer in securities)
1 Puddle Dock, Blackfriars
London EC4V 3PD
Telephone: (01) 236 8000
Telex: 8811541

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The Joint Administrative Receivers offer for sale the assets of the above company who specialise in the design, development and manufacture of oceanographic, hydrological, and meteorological equipment and systems.

The Company operates from lease hold premises at Farnborough, Hants and currently employs 10 people.

The current level of turnover is approximately £750,000 p.a. the majority of which is export.

For further details please contact either of the Joint Administrative Receivers, Maurice Withall or Ian Williams, Grant Thornton, Fairfax House, Fulwood Place, London WC1V 6DW.
Tel: 01-405 8422. Telex: 28984. Fax: 01-405 1186.

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★ Naturelle brands
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★ Based leasehold premises near Newbury, Berkshire

For further details, please contact the Joint Administrative Receiver:

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Company Notices

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Société Anonyme d'Investissement
R.C. Luxembourg Nº B 8.528
Luxembourg, 37, rue Notre-Dame

Notice of Meeting

Messrs. Shareholders are hereby convened to attend the Annual General Meeting which will be held on April 8th, 1987 at 4.00 p.m. at the offices of Kredietbank S.A. Luxembourgeoise, 43, boulevard Royal, Luxembourg, with the following agenda:

Agenda

1. Receipt of the reports of the Board of Directors and of the Statutory Auditor.
2. Approval of the balance sheet and the profit and loss statement as at December 31st, 1986.
3. Payment of a dividend.
4. Discharge of the Directors and the Statutory Auditor in respect of the carrying out of their duties for the year ended 31st December 1986.
5. Re-election of the Directors and the Statutory Auditor for a new statutory term.
6. Director's remuneration.
7. Miscellaneous business as may properly come before the meeting.

Resolutions on the above mentioned agenda will require no quorum and the resolutions will be passed at a simple majority of the shares present or represented at the meeting.

Holders of bearer shares may vote at the meeting in person by producing at the meeting a certificate of deposit which has been or will be issued to them against deposit of their share certificates with Kredietbank S.A. Luxembourgeoise, 43, boulevard Royal, Luxembourg or Kleinwort, Benson Ltd., 20, Fenchurch Street, London EC3.

Holders of bearer shares may vote at the meeting by proxy by completing the form of proxy which will be made available to them against deposit of their share certificates as aforesaid or presentation of their certificates of deposit. In order to be valid all forms of proxy must reach the Company at Kredietbank S.A. Luxembourgeoise or Kleinwort, Benson Ltd., five clear days prior to the meeting.

Share certificates so deposited will be retained until the meeting or any adjournment thereof has been concluded.

Holders of registered shares may vote at the meeting either in person or by proxy by completing a form of proxy which will be sent to them.

The Board of Directors

U.S.75,000,000
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FLOATING RATE NOTES DUE 1988

For the three month interest period from 24th March, 1987 to 24th June, 1987 the Notes will carry an interest rate of 10% p.a. and the Coupon Amount per U.S.$10,000 will be U.S.$225.56.

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Company Notices

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(Incorporated in the Republic of South Africa)
Company Registration No. 11/00007/06

NOTICE TO MEMBERS

NOTICE IS HEREBY GIVEN that the ninety-ninth annual general meeting of members of De Beers Consolidated Mines Limited will be held at the head office of the Company at 36 Stockdale Street, Kimberley, on Tuesday, 26th May 1987, at 14h15, for the following business:

To receive and consider the annual financial statements of the Company and of the Group for the year ended 31st December 1986;
To elect directors in accordance with the provisions of articles of association of the Company;
To consider and, if deemed fit, to pass, without modification, the following resolution as an ordinary resolution:
"That the directors be and they are hereby authorised to allot and issue all or any portion of the unissued 133,071 eight per cent cumulative second preference shares of R1 each and 15,210,958 deferred shares of five cents each in the capital of the Company at such time or times, to such person or persons, company or companies, and upon such terms and conditions, as they may determine."

A member entitled to attend and vote at the meeting may appoint a proxy to attend, speak and vote in his stead. A proxy need not be a member of the Company.

The transfer registers and registers of members of the Company will be closed from 16th May to 26th May 1987, both days inclusive.

Holders of deferred share warrants to bearer who desire to attend in person or by proxy or to vote at any general meeting of the Company must comply with the regulations of the Company under which share warrants to bearer are issued.

By order of the Board
H. J. CRANKSHAW
Secretary

36 Stockdale Street, Kimberley,
P.O. Box 616, Kimberley, 8300.
24th March, 1987

De Beers
De Beers Consolidated Mines Limited

Holders of share warrants to bearer may obtain a copy of the annual report and accounts upon application to 40 Holborn Viaduct, London EC1P 1AJ.

Crédit National

FF 500,000,000
Guaranteed Floating Rate Notes due 1991

In accordance with the terms and conditions of the Notes, notice is hereby given that for the interest period from March 23, 1987 to June 23, 1987 the Notes will carry an interest rate of 8³⁄₁₆% per annum.

The interest payable on the relevant interest payment date, June 23, 1987, will be FF 209.24 per Note of FF 10,000 nominal and FF 2,092.36 per Note of FF 100,000 nominal

The Reference Agent
KREDIETBANK
S.A. LUXEMBOURGEOISE

Crédit Foncier de France

ECU-denominated Floating Rate Notes due 1995 resulting from the exercise of Warrants attached to US$ 200,000,000 Floating Rate Notes due 1995

In accordance with the provisions of the Notes, notice is hereby given that for the interest period from March 23, 1987 to June 24, 1987 the Notes will carry an interest rate of 7⅛% per annum.

The interest payable on the relevant interest payment date, June 24, 1987 will be ECU 18.41 per ECU 1,000 principal amount.

The Agent Bank
KREDIETBANK
S.A. LUXEMBOURGEOISE

CORRECTION NOTICE
NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN
YAMAICHI SECURITIES CO., LTD

Further to our notice of March 13, 1987 please be advised free distribution of shares i.e. (3 new for each 100 old) and not (1 new for each 100 old as stated).

Depositary:
Citibank, N.A.
336 Strand, London, WC2R 1HB
Agent:
Citicorp Investment Bank (Luxembourg) S.A.
16 Avenue Marie Therese
March 24, 1987

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDR's) IN MARUBENI CORPORATION

NOTICE IS HEREBY GIVEN that a cash dividend will be paid to shareholders of record date March 31, 1987. Furthermore, it has been declared that the shares will be traded ex-dividend on the Japanese Stock Exchanges with effect from March 27, 1987. Subject to approval of the dividend, a further notice will be published, after receipt of the dividend by the Depositary, stating the amount and actual date of payment of such dividend together with the procedure to be followed for obtaining payment.
Coupon No. 12 will be used for collection of this dividend.
CITIBANK, N.A., London
March 24, 1987 Depositary

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDR's) IN SHARP CORPORATION

NOTICE IS HEREBY GIVEN that a cash dividend will be paid to shareholders of record date March 31, 1987. Furthermore, it has been declared that the shares will be traded ex-dividend on the Japanese Stock Exchanges with effect from March 27, 1987. Subject to approval of the dividend, a further notice will be published, after receipt of the dividend by the Depositary, stating the amount and actual date of payment of such dividend together with the procedure to be followed for obtaining payment.
Coupon No. 12 will be used for collection of this dividend.
CITIBANK, N.A., London
March 24, 1987 Depositary

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDR's) IN NIPPON SHINPAN & CO., LTD.

NOTICE IS HEREBY GIVEN that a cash dividend will be paid to shareholders of record date March 31, 1987. Furthermore, it has been declared that the shares will be traded ex-dividend on the Japanese Stock Exchanges with effect from March 27, 1987. Subject to approval of the dividend, a further notice will be published, after receipt of the dividend by the Depositary, stating the amount and actual date of payment of such dividend together with the procedure to be followed for obtaining payment.
Coupon No. 20 will be used for collection of this dividend.
CITIBANK, N.A., London
March 24, 1987 Depositary

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COMMODITIES AND AGRICULTURE

Natural gas forecast to regain market losses

BY LUCY KELLAWAY

NATURAL GAS will regain the market share lost to oil last year if Opec succeeds in holding prices at between $15 and $18 a barrel.

This is one of the main conclusions of a private report by Cambridge Energy Research Associates (Cera), which predicts that this year oil could lose up to 450,000 barrels a day of demand to natural gas. It argues that if the oil producing states are to hold onto the recent increase in demand, prices will have to remain at $15 or less.

The report says that the dramatic fall in the oil price last year forced gas to become much more competitive, and now gas prices in the main world markets compare favourably with oil priced at $15 to $18.

The effects on the gas market of higher oil prices are wide reaching, especially in the US, Cera argues, where demand is forecast to rise by as much as 400bn cu ft this year. With oil at $18 a barrel, gas prices effectively become decoupled from the price of residual fuel oil, the study says, with the effect that gas prices are likely to become more prone to seasonal swings.

A more important effect could be the increase in US domestic supplies if oil prices stick at around $18 for the next 12 to 18 months. The report predicts their exploration and developments programmes, andin particular expects activity to rivive in some of the lower cost areas in Oklahoma and Texas.

It warns, however, that oil prices would need to be higher than $18 a barrel to generate a major resurgence of exploration drilling. Meanwhile, at $15 it says that there would be no increase in drilling activity at all.

In western Europe, where gas prices respond to movements in the oil price with a longer lag than in the US, Cera says that prices are expected to remain highly competitive with oil throughout the first half of this year. Most of the markets lost last year are expected to be regained, with European gas demand forecast to rise in 1987 year by between 100-300bn cu ft. The report says that almost all of the major industrial users which switched to oil in 1986 have already switched back to gas.

Higher oil prices will also improve the gas market in the Far East, Cera says, although the effect is likely to be smaller in Europe as only a small percentage of Japan's power generating capacity is capable of switching from one fuel to another.

Middle East oil dominance 'inevitable'

INCREASING dependence of the world on the Middle East for its oil supplies is inevitable. Mr Donald McIvor, a director of Exxon, said yesterday.

Nothing could stop this trend, he said in an interview with Reuters, not even the rise in oil prices which was likely to result from the fall in non-Opec supplies.

Non-Opec oil countries were consuming oil at the rate of 20bn to 25bn barrels a year, about twice the 10bn to 15bn average rate of discovery of new reserves a year.

The only way in which the position could be changed would be by the discovery outside Opec of new "super giant" fields containing reserves of more than 5bn barrels of oil. However, Mr McIvor said that all such fields had almost certainly been discovered already.

He said that governments could help oil companies by creating a stable framework of policies. He denied that the oil import fee, which is being pressed for by many of the US independent oil companies, would be the solution, as it would "only benefit one part of the economy at the expense of another."

His comments came one week after the US Department of Energy put out a major report on energy security, which predicts that by 1995, Opec will supply between 45 and 60 per cent of world oil supplies.

LCE sets time recording date

BY DAVID BLACKWELL

THE LONDON Commodity Exchange is to introduce time recording on all futures contracts next month as part of its preparations to conform with the Securities and Investment Board's requirements for Recognised Investment Exchanges.

The International Petroleum Exchange is to follow suit in the near future, although there are expected to be minor differences in the way the two exchanges will operate their systems. At present neither exchange has a formal method of recording the time of deals done — information that will be required under the SIB's rules later this year.

From April 1 the LCE begins a six-week trial of a system under which both buyers and sellers will write in the time of a deal on their trading slips. Copies must be sent to the central rostrum for entering into the International Commodities Clearing House terminals within 15 minutes of the trade.

The LCE believes this will get traders into the habit of timing deals well before they have to. The time of a deal is a vital piece of information to anyone wishing to trace a particular deal.

● The LCE and the IPE now plan to move to Commodity Quay over the Bank Holiday week-end of May 23, although the offices will be moved there on April 25. They had hoped to move trading, for which they need three full days, over Easter, but the British Telecom strike has delayed matters.

Ecologists stress rain forest fears

BY OUR COMMODITIES STAFF

THE INTERNATIONAL Tropical Timber Organisation (ITTO) meeting near Tokyo this week, is facing increasing pressure from scientists, ecologists and pressure groups who fear that the destruction of the world's tropical rain forests could trigger further Third World debt crises.

The experts, who also fear social and biological disasters, believe the problem is already acute. They want the 70 member nations of ITTO to agree firm resolutions backing up the 1985 International Tropical Timber Agreement—the first commodity pact to include a conservation clause.

Mr Delfin Ganapin,a Philippine Government consultant on environmental impact, believes his country offers a textbook case of the economic dangers faced by such major producers as Brazil, Indonesia and Malaysia.

"For many Third World nations, the loss of the forest is not just a loss of resources," he says.

"In the 1960s we had 16m hectares of commercial forest—now we have 1m. We have only around 10 years of profitable logging left. With a $26bn debt, the loss of foreign exchange earnings is serious."

About 14m Filipinos depend on upland areas that are now denuded, and farmers are unable to grow crops. Government security advisers say that, as a direct result, the most likely source of revolution in the Philippines is in the uplands.

Mr Ganapin said $3bn would be needed in the next two years to save $5m hectares of critically denuded land in the Philippines.

Warning to egg producers

BY OUR COMMODITIES STAFF

EEC EGG producers have been warned not to over-expand production in 1987 as the market begins to recover from one of the worst years for more than a decade.

Last year, according to the International Egg Commission's latest review, supply exceeded demand to such an extent that some producers went bankrupt, and many incurred heavy losses. The summer saw prices at a 10-year low, and during the third quarter the cost of producing eggs in the UK was 16.5p a dozen higher than the sale price.

The market, particularly in mid-summer, was variously described as difficult, disastrous, critical or catastrophic. The effect of excessive supplies was worsened both by increased international competition and the decline in the market for surplus EEC eggs.

Broker to appeal ITC court ruling

By Raymond Hughes, Law Courts Correspondent

AMALGAMATED METAL Trading, a London metal trader, is to appeal against the High Court ruling in January striking out the company's petition to wind up the insolvent International Tin Council.

Mr Michael Arnold, the City chartered accountant who is co-ordinating litigation by broker creditors of the ITC, said yesterday that AMT, a subsidiary of Preussag, the West German metals group, would argue in the Court of Appeal that Mr Justice Millett made three errors of law when the struck out the petition.

The three findings being challenged were that:

● The English court had no jurisdiction to wind-up the ITC.

● The ITC was not an "association" coming within the legal definition of an unregistered company which could be wound-up by the court.

● The winding-up process was not a method of enforcing an arbitration award under the 1972 International Tin Coucil (Immunities and Privileges) Order.

Upholding the ITC's plea that the petition should be struck out, Mr Justice Millett said in his judgment on January 22 that the assumption of jurisdiction over the ITC, a body created by international treaty, would transgress the basic principle of law that transaction between idepndent states were governed by laws other than those which domestic courts administered.

Mr Justice Millett suggested that "the responsible course" for dealing with the ITC's multi-million pound debts would be for its 22-member states, by diplomatic means, "to negotiate suitable arrangements to meet the shortfall."

There is as yet no sign of the governments adopting his suggestion.

● The Department of Trade, acting for the UK Government, has issued an application to strike out a "direct action" against the ITC, the 22 member states and the EEC, started last month by AMT and eight other broker creditors of the ITC.

The nine brokers—who form the bulk of the Tinco Realisations group for which Mr Arnold acts—have claimed tin contract debts totalling £110m and unquantified damages, including damages for alleged "false representations."

Like bank creditors of the ITC who have begun similar direct actions, the brokers are seeking a ruling that the member states are liable for the ITC's debts.

The UK Government's view is that the member states are not liable, and that in any event the English court has no jurisdiction.

LONDON METAL EXCHANGE WAREHOUSE STOCKS
(Changes during week ending last Friday)

	(tonnes)
Aluminium	+20,050 to 116,975
Copper	+900 to 136,750
Lead	−625 to 25,075
Nickel	−180to 4,530
Tin	−885 to 30,805
Zinc	−25to 27,800
	(ounces)
Silver	+70,000 to 21,802,000

Cashing in on dairy quotas

FARMER'S VIEWPOINT

By John Cherrington

WHILE THE value of land is slowly sinking—in line with the generally depressing farming outlook—that for the right to produce milk is rising very quickly indeed. The most recent quota sales have topped 30 pence a litre, the equivalent of £1,500 per dairy cow, which itself would be worth perhaps £500. In fact a milk quota has become one of the most valuable of farming assets.

This acceleration in quota value, which has doubled over the last few months, has come because farmers are realising that over the next three years an overall quota cut of 9½ per cent which results from last December's package, and, that it is worth while countering this by securing marginal extra production, even at a high price. The actual milk price returned to farmers is at present about 18 pence a litre.

The farmers of England and Wales are at present likely to end the present season on March 31 with a surplus which would mean a levy on the overproducers of about 4p a litre—a figure which would be much higher but for a dispensation secured by the Milk Marketing Board under which the surplus of one group of farmers can be set against the deficit of the others.

Also the Board has instituted a scheme of quota leasing which enabled surplus farmers to secure temporary quota at between 1 and 3 pence a litre. But for the next milk year there is no certainty that quota leasing will be allowed to continue. In any case the pooling arrangement between the surplus and deficit producers could be under threat and surplus producers could face 100 per cent levies on their excesses.

The EEC Commission is far from happy with the UK arrangements because they conflict with the overall aim of permanently reducing the Community's milk production capacity. Funds have been allocated to buying out quota, but the sums per litre, although raised recently have not been sufficient to attract vendors, and they are not likely to in the present climate. The option of quota leasing is now the subject of fresh pressure in Brussels following a European Court decision to rule against the practice in Luxembourg.

The procedure of milk quota purchase is quite complicated. Because the quota is supposed to be tied to the land it is sold subject to a grazing right to the equivalent area on the farm of origin. This may or may not be grazed by the purchaser's own cattle or sheep. Then after the first year the land reverts back to the original vendor and the purchaser keeps the milk quota. This has satisfied the rules up to now, but the whole question of milk quotas is due for review in 1989 and there is no certainty that the same conditions will be allowed to apply after that date.

This does not seem to worry those buying quotas now. Many of them are desperately seeking means of maintaining the turnover of their farms and their advisers have told them that the marginal extra cost of buying quotas can be justified. There do not seem to be many instances of farmers buying quota to start new dairies, but the amounts involved clearly indicate marginal buying of quota by established farmers and their families.

The principle of the milk quota—the right to produce and sell at a high guaranteed price a fixed quantity of milk—is now the envy of the rest of the British farming community. Many of them see no reason why in the circumstances of overproduction of almost every other guaranteed product they should not be treated in the same way. They are particularly worried that dairy farmers, who will in any case be losing some of their output, could turn their surplus land to cereals sheep or other products, which are also under threat.

Indeed the principle of such a managed market applied to hops under the Hops Marketing Board and maintained that particular branch of farming in comparative affluence during the interwar period, when the rest of farming was having a rough time. Hop quotas were saleable and of considerable value. The Marketing Board was abolished following EEC membership on the grounds that these arrangements, peculiar to one country, were incompatible with the principle of a Common Market.

This makes me believe that quota transferability under the present system in Britain could well come under Brussels attack. Particularly if it was tied to national marketing arrangements.

The UK is unique in that the whole milk market is controlled by five statutory Milk Marketing Boards. This makes the administration of quota control much easier than on the Continent where, except perhaps in Denmark and Holland, control appears from this side of the channel to be lax or nonexistent.

As against that it must be said that there is increasing evidence that some European countries are using national aids to help their dairy farmers, France and Germany in particular, and that in its desperate shortage of funds the Commission seems to be allowing these practices to continue. As yet only Britain has allowed saleable quotas, but it does seem that such a scheme could be one solution of the Community's budget problems.

If farmers are so keen to go on farming that they will pay out good money for the privilege why not extend the principle to the CAP and make Europe's farmers pay for their own surpluses?

LONDON MARKETS

THE SLIDE in zinc prices on the London Metal Exchange continued yesterday, taking prices to the lowest level since the end of April last year. The zinc market has recently been retracing the upward movement which had been caused by supply tightness following last year's production disruption at Australia's Broken Hill mines. Yesterday sterling's firmness added to the downward pressure and the cash position closed £5 down on the day at £449.50 a tonne. Aluminium prices were marked down sharply in the morning after the announcement of an exceptionally large rise in LME warehouse stocks last week. But the rise was not unexpected and dealers later came to the conclusion that it had been more or less discounted in Friday's £11 fall. They said the higher stocks level was believed to have been largely due to the arrival of a shipment of high purity material from Brazil. So the market rallied and the cash quotation closed only £2.50 down at £830.50 a tonne. Fears of a supply squeeze exacerbated by heavy options declarations continued to be reflected in a high cash premium over the three months position, which widened out again yesterday to £45.25 a tonne.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

Official closing (am): Cash 821-2 (841-2), three months 776.5-7.5 (800-800.5), settlement 822 (842). Final Kerb close: 784-4.5. Turnover: 16,700 tonnes.

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	830-1	−2.5	—
3 months	785-5.5	−8.25	787/776.50

COPPER

Official closing (am): Cash 924-5 (919-20), three months 895-6 (898.5-9.5), settlement 925 (920). Final Kerb close: 893-4.

Grade A	Unoffic'l close £ per tonne	+ or −	High/Low
Cash	925-6	+3	925/925.50
3 months	896.5-6.5	−4.75	898.50/893

Official closing (am): Cash 861-2 (860-2), three months 867-72 (870-2), settlement 862 (862). US Producer prices 66.50/70 cents per lb. Total Turnover 44,175 tonnes.

Standard			
Cash	865-6	+1	865/860
3 months	875-6	+2.5	—

LEAD

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	302-3	−5	301.5/301
3 months	298.5-9	−0.75	298.50/297

Official closing (am): Cash 301.5-2 (305.5-6), three months 298-9.5 (299.5-300), settlement 302 (306). Final Kerb close: 297-8. Turnover 7,350 tonnes. US Spot: 24/27 cents per lb.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	2320-5	−20	2325/2320
3 months	2340-5	−20.5	2350/2350

Official closing (am): Cash 2,320-5 (2,345-50), three months 2,344-5 (2,368-70), settlement 2,325 (2350). Final Kerb close: 2,340-5. Turnover 1,704 tonnes.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	449-50	−5	449.50/449
3 months	447.5-8.5	−4.25	449/444

Official closing (am): Cash 449-9.5 (453-5), three months 447.5-8 (453-4), settlement 449.5 (455). Final Kerb close: 443-4. Turnover: 7,950 tonnes. US Prime Western: 37.50/44 cents per lb.

TIN

Kuala Lumpur Tin Market: Close 16.70 (16.76) ringgit per kg. Down 0.06 ringgit per kg.

GOLD

Gold rose $3¾ to $408-408½ on the London bullion market yesterday. It opened at $406½-407 and was fixed at $406.60 in the morning and $408.30 in the afternoon, the highest fixing level for more than a week. The metal touched a low of $405-406½ and a peak of $408¾-409¼, meeting resistance as it moved above the recent trading range of $403 to $408. The weakness of the dollar prompted the rise in the value of gold.

GOLD BULLION (fine ounce)		Mar. 23
Close	$408-408½	(£252¼-253)
Opening	$406½-407	(£252-252½)
M'n'g fix	$406.60	(£252.046)
Aft'n'n fix	$408.30	(£252.759)

GOLD AND PLATINUM COINS		
Am Eagle	$420-425	(£259¾-262¾)
Mapleleaf	$419½-422½	(£259½-261¼)
Kr'g'rnd	$410-413	(£253½-255½)
½ Krug	$213-214	(£131¾-132¼)
¼ Krug	$107¼-108¼	(£66¼-67)
Angel	$416-419	(£257¼-259)
1/10 Angel	$41¼-46¼	(£25¼-28¼)
New Sov	$97¼-98¼	(£60¼-61)
Old Sov	$97¼-99	(£60¼-61¼)
$ 20 Eagle	$490-540	(£303-334)
Noble Plat	$538-546	(£332¾-335¾)

SILVER

Silver was fixed 3p an ounce lower spot delivery in the London bullion market yesterday 344.4p. US cent equivalents of the fixing levels were: spot 556.25c, down 0.75c three-month 565.35c, down 0.85c six-month 574.15c, up 1.05c; and 12-month 591.6c, down 1.1c. The metal opened at 344-346p (555-557c) and closed at 348-350p (563-565c).

SILVER per troy oz	Bullion Fixing Price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	340.40p	−3.90	347p	+2
3 months	353.70p	−3.15	356p	+2
6 months	360.30p	−3.15	—	—
12 months	373.25p	−3.55	—	—

LME—Turnover: 13 (20) lots of 10,000 oz.

Three months final kerb 354-6p.

COTTON

LIVERPOOL — Spot and shipment sales for the week commencing March 16 amounted to 1,952 (the highest weekly total for many months) against 404 tonnes in the previous week. Extensive trading brought business in American, Chinese, Turkish, Russian, Egyptian and West African varieties.

INDICES

REUTERS

Mar. 23	Mar. 20	M'th ago	Year ago
1537.4	1527.4	1586.4	1781.8

(Base: September 18 1931=100)

DOW JONES

Dow Jones	Mar. 20	Mar. 19	M'th ago	Year ago
Spot	113.39	113.80	—	131.74
Fut	113.75	113.72	—	125.07

(Base: December 31 1931=100)

MAIN PRICE CHANGES

	Mar. 23 1987	+ or −	Month ago
METALS			
Aluminium			
Free Market	$1540/1560	−20	$1498/428
Copper			
Cash Grade A	£925.5	+3	£922.5
3 mths	£896	−4.75	£924.25
Gold Troy oz	$408.25	+3.75	$403.75
Lead Cash	£302.5	−5	£298.6
3 mths	£298.75	−0.75	£299.5
Nickel			
Free Mkt	170/190c		172/192c
Palladium oz	$125.50	+0.25	$116.50
Platinum oz	$524.50	+2.25	$516.50
Quicksilver†	$205/215		$175/185
Silver troy oz	344.40p	−3.50	356.30p
3 mths	353.70p	−3.15	365.45p
Tin			
Free Mkt	£4240/276	−35	£4450/480
Tungsten	$47.06		$44.61
Wolfram 22.01b	$46/50		$39/45
Zinc	£449.5	−5	£481.5
3 mths	£448	−4.25	£475.5
producers	$770/780		$770/790
OILS			
Coconut (Phil)	$350z		$410
Palm Malayan Seeds	$330y		$310
Copra (Phil)	$240v		$360
Soyabean (U.S.)	$135	−1	$138
GRAINS			
Barley Fut. May	£113.85		£117.65
Maize	£142.50		£143.50
Wheat Fut. May	£118.75	−0.10	£118.85
No. 2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. May	£1276	−28.5	£1389.5
Coffee Ft. May	£1,282.5	−0.5	£1527
Cotton A Ind.*	62.90c	+0.15	65.60c
Gas Oil May	$143	−3	$142
Rubber (kilo)	60.75p		61p
Sugar (raw)	$191x	−1	$162.5
Wooltops 64s	440p kilo		422p kilo

‡ Unquoted. † Per 75-lb flask. c Cents a pound. * Cotton outlook. v April. z March-April. x April-May. y May.

SOYABEAN MEAL

	Y'sterd'ys close	+ or −	Business done
	£ per tonne		
June	112.5-113.0	−1.20	113.0
August	109.3-109.5	−0.60	—
October	109.0-109.7	−1.50	109.0-108.7
Dec	111.5-111.8	−0.75	—
Feb	115.0-116.0	−0.40	—
April	116.0-116.8	−1.00	—

Sales: 54 (78) lots of 20 tonnes.

COFFEE

Robustas traded quietly in narrow ranges, reports Drexel Burnham Lambert. Dealers remained sidelined following no new positive statements from the weekend producer meeting.

COFFEE	Yesterday close	+ or −	Business Done
Mar	1260-1270	−6.0	1270-1260
May	1280-1285	−0.5	1285-1260
July	1287-1290	−9.0	1300-1275
Sept	1310-1315	—	1320-1294
Nov	1333-1358	−5.5	1341-1331
Jan	1355-1350	−2.5	1365-1348
Mar	1375-1395	−5.0	

Sales: 1,397 (3,833) lots of 5 tonnes.

ICO indicator prices (US cents per pound) for March 20: Comp. daily 1979 100.17 (99.53); 15-day average 101.14 (102.38).

COCOA

With only light interest futures traded a little easier during the morning lost further ground later. Producers and consumers restricted their activity to price-checking and physical business was again seen only in the second-hand market, reports Gill and Duffus.

	Yesterday's close	+ or −	Business done
	£ per tonne		
March	1250-1257	−19.0	1267-1250
May	1275-1277	−20.5	1286-1270
July	1303-1304	−17.0	1322-1300
Sept	1323-1324	−9.0	1345-1323
Dec	1355-1357	−13.0	1371-1354
March	1379-1380	−13.5	1391-1379
May	1399-1400	−10.0	1410-1398

Sales: 2,677 (1,254) lots of 10 tonnes.

ICCO indicator prices (SDRs per tonne). Daily price for March 23: 1574.81 (1587.43); 10-day average for March 24: 1590.26 (1593.14).

POTATOES

With the Dutch market trading Fl 1.5 down as London opened and bearish sentiment carried over from the previous week, values slipped quickly in both April and May. Stop-loss selling and speculative interest saw April fall £7.80 and May £11.90 before profit-taking lifted values off the lows. At the close prices slipped again, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business done
	£ per tonne		
Apr	156.00	162.90	161.00-156.10
May	178.50	189.40	184.80-177.50
Nov	93.00	94.00	—
Feb	103.50	103.50	—
Apr	126.50	126.50	127.00-126.50

Sales: 1.977 (834) lots of 40 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar $191.00 (£118.50), down $1.00 (down £1.50) a tonne for April-May delivery. White sugar $206.00, down 50c*. (*Official correction).

No. 6 Contract	Y'sterd'ys close	Previous close	Business done
	$ per tonne		
May	172.4-172.6	172.8-173.0	173.6-172.0
Aug	175.8-176.2	176.2-176.8	177.0-175.4
Oct	178.2-178.8	179.2-179.2	180.2-178.8
Dec	182.0-184.0	181.8-185.0	—
Mar	185.0-186.0	188.2-188.6	188.8
May	188.8-189.4	187.8-189.0	—
Aug	191.0-195.0	191.0-195.8	—

Sales: 681 (1,362) lots of 50 tonnes.

PARIS—(FFr per tonne): May 1259-1262, August 1289-1292, October 1315-1321, Dec. 1340-1356, March 1370-1390, May 1405-1425.

Tate & Lyle delivery price for granulated basis sugar was £223.50 (£225.00) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports). Prices for March 20: Daily price 7.50 (7.53); 15-day average 7.85 (7.87).

MEAT

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 95.88p per kg lw (+0.46). GB—Sheep 210.18p per kg est dcw (+7.78) GB—Pigs 80.85p per kg lw (−1.25).

FUTURES—Pigs: Apr 99.50, Nov 101.30, sales 25.

US MARKETS

COMMISSION HOUSE and local buying in gold futures and trade buying in silver and platinum futures kept the metals steady in the face of profit-taking and trade and commission house scale-up selling, reports Drexel Burnham Lambert. Stops were hit around the $415.00 level in June gold, 573-574c in May silver and $529 in April platinum to steady the markets towards the close. Copper traded in sympathy with commission house buying in the face of profit-taking. Despite an early rally on local and light trade buying, crude oil futures suffered a slight technical reaction as the market retreated to the middle of the day's range. However, tension in the Middle East and expectations of constructive API statistics in the evening prevented any major decline. Commission house buying steadied cotton futures in the face of trade selling. In oranfie juice, higher cash prices reflecting lack of nearby supply, and Florida's raising of its price helped steady the market. Coffee steadied on hedge-lifting and price-fix buying in light volume. Cocoa awaited developments from the current ICCO meetings. The grains were generally quiet, dominated by local trading in the absence of fresh news. Cattle futures continued steady, reflecting cash prices, as did hogs. But in pork bellies a technical reaction eased prices.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	Prev	High	Low
March	62.05	62.00	61.50	61.50
May	59.95	59.90	59.95	59.25
July	59.05	59.00	58.95	58.95
Sept	58.20	58.15	—	—
March	57.90	57.85	—	—
May	57.90	57.85	—	—
July	57.90	57.85	—	—

COCOA 10 tonnes, $/tonnes

	Close	Prev	High	Low
May	1936	1944	1946	1928
July	1943	1941	1947	1934
Sept	1965	1961	1970	1956
Dec	1998	1989	2002	1994
March	2027	2023	—	—
May	2047	2043	—	—

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels

	Latest	Prev	High	Low
May	18.24	18.31	18.31	18.15
June	18.01	18.06	18.09	17.95
July	17.82	17.86	17.88	17.77
August	17.69	17.71	17.73	17.63
Sept	17.63	17.62	17.65	17.58
Oct	17.59	17.58	17.59	17.59
Dec	17.59	17.57	17.60	17.50
Jan	17.58	17.57	17.59	17.58

COFFEE "C" 37,500 lb, cents/lb

	Close	Prev	High	Low
May	106.25	104.84	106.35	105.10
July	108.25	107.00	108.50	107.28
Sept	110.60	109.30	110.65	109.75
Dec	113.25	112.64	113.75	112.55
May	115.25	114.00	—	—
July	115.52	114.38	—	—

COPPER 25,000 lb, cents/lb

	Close	Prev	High	Low
March	64.60	64.20	64.50	64.25
May	64.90	64.45	64.90	64.45
July	64.20	63.90	64.20	63.90
Sept	64.10	64.00	64.15	64.00
Dec	64.40	64.40	64.55	64.25
March	64.95	65.00	65.10	64.90
May	65.36	65.45	65.65	65.30
July	65.75	65.90	65.90	65.90
Sept	66.10	66.25	—	—

HEATING OIL

Feb	431.6	426.7	432.0	431.6
	Latest	Prev	High	Low
April	49.25	49.77	49.40	48.60
May	48.35	48.81	48.60	48.05
June	47.55	47.85	47.75	47.30
July	47.20	47.50	47.40	47.00
August	47.40	47.75	47.80	47.30
Sept	48.30	48.50	48.50	48.30

SPOT PRICES—Chicago loose lard 15.00 (same) cents per pound. Handy and Harmon silver bullion 564.5 (551.0) cents per troy ounce. New York tin 315-7 (same) cents per pound.

COTTON 50,000 lb, cents/lb

	Close	Prev	High	Low
May	58.28	57.57	58.70	[illegible]
July	57.02	56.12	57.20	[illegible]
Oct	55.85	54.50	55.70	[illegible]
Dec	54.77	53.72	55.00	[illegible]
May	55.50	54.55	55.05	[illegible]
July	55.85	54.80	55.00	[illegible]

GOLD 100 troy oz, $/troy oz

	Close	Prev	High	Low
March	410.2	405.6	—	—
April	410.8	406.3	411.2	[illegible]
May	412.9	408.4	—	—
June	415.3	410.6	415.8	411.0
Aug	419.6	414.8	420.0	416.0
Oct	423.5	418.7	424.0	419.0
Dec	427.5	422.7	428.0	423.2

ORANGE JUICE 15,000 lb, cents/lb

	Close	Prev	High	Low
May	136.55	137.30	138.90	[illegible]
July	135.55	136.30	137.00	[illegible]
Sept	132.15	133.00	133.50	132.15
March	125.55	127.10	—	—
May	125.55	127.10	—	—

PLATINUM 50 troy oz, $/troy oz

	Close	Prev	High	Low
March	522.5	520.8	—	—
April	531.0	521.8	531.0	522.5
July	536.5	527.0	536.5	530.0
Oct	539.5	531.0	539.5	533.0
April	548.0	540.1	548.0	548.0

SILVER 5,000 troy oz, cents/troy oz

	Close	Prev	High	Low
March	573.8	54.3	574.5	[illegible]
May	578.0	558.5	579.0	[illegible]
July	584.3	564.7	585.0	[illegible]
Sept	590.7	571.0	590.5	[illegible]
Dec	599.9	580.1	600.0	[illegible]
Jan	603.2	583.4	—	—
March	609.2	589.4	606.0	[illegible]
May	615.7	595.9	607.0	604.5
July	622.5	602.7	616.0	612.0
Sept	629.2	609.4	630.0	621.5

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	Prev	High	Low
May	7.71	7.75	7.78	7.67
July	7.84	7.87	7.91	7.83
Sept	7.83	7.86	8.03	7.80
Oct	7.98	8.01	8.04	7.96
Jan	8.05	8.10	—	—
March	8.33	8.35	8.38	8.32
May	8.46	8.46	—	—

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	Prev	High	Low
April	67.22	66.65	67.45	66.72
June	64.17	63.65	64.30	63.70
Aug	59.92	58.57	60.00	59.12
Oct	59.27	58.90	59.40	58.90
Dec	59.40	58.67	59.40	58.70
Feb	59.00	58.42	59.20	58.50
April	60.00	59.30	60.00	60.00

MAIZE 5,000 bu min, cents/56 lb-bushel

	Close	Prev	High	Low
May	161.2	159.2	161.4	159.2
July	164.2	162.4	164.4	161.4
Sept	167.2	165.4	167.4	165.0
Dec	173.6	173.0	174.0	171.6
May	182.4	182.2	183.0	181.6

PORK BELLIES 38,000 lb, cents/lb

	Close	Prev	High	Low
March	71.02	70.80	71.05	69.65
May	70.25	70.22	70.30	68.85
July	67.92	67.30	68.10	[illegible]
Aug	64.85	64.92	65.10	64.00
Feb	57.80	58.07	58.32	57.70

LIVE HOGS 30,000 lb, cents/lb

	Close	Prev	High	Low
April	47.55	47.40	47.80	46.97
June	48.40	48.30	48.65	47.90
July	47.15	47.52	47.25	46.90
Aug	44.72	45.22	45.00	44.65
Oct	40.00	40.05	40.25	39.92
Feb	39.70	39.85	39.80	39.56
April	37.55	37.85	37.70	37.50
June	38.00	38.30	38.30	38.65

SOYABEANS 5,000 bu min, cents/60 lb-bushel

	Close	Prev	High	Low
May	487.6	488.0	489.4	485.4
July	485.6	485.6	487.0	484.2
Aug	483.6	483.4	485.0	482.2
Sept	475.2	475.0	476.4	474.4
Nov	473.6	473.0	475.0	472.0
Jan	479.6	479.0	481.0	478.2
May	490.4	490.6	—	—

SOYABEAN MEAL 100 tons, $/ton

	Close	Prev	High	Low
May	139.7	139.1	139.8	138.8
July	139.1	138.3	139.3	138.0
August	138.8	138.1	138.8	137.8
Sept	138.9	138.1	139.2	137.8
Oct	137.8	137.0	137.9	136.7
Dec	138.6	137.5	138.8	137.5
Jan	139.1	138.0	139.0	139.2

SOYABEAN OIL 60,000 lb, cents/lb

	Close	Prev	High	Low
May	15.24	15.54	15.49	15.21
July	15.6	15.88	15.83	15.55
August	15.70	15.98	15.95	15.70
Sept	15.87	16.15	16.05	15.85
Oct	15.87	16.23	16.15	15.85
Dec	16.24	16.50	16.50	16.23

WHEAT 5,000 bu min, cents/60 lb-bushel

	Close	Prev	High	Low
May	281.0	281.4	283.0	280.4
July	258.6	260.2	260.0	258.4
Sept	259.0	260.2	260.0	259.0
Dec	265.6	266.0	266.0	264.4

FREIGHT FUTURES

Time-chartering of vessels to carry grain purchased by the Soviet Union, China and Saudi Arabia continues to inspire buying on the futures. With lively physical activity the BFI was 7 points higher and the April position soared to a 107 point premium. Buyers were evident from the onset. But after a slight rally small profit-taking took place before renewed buying boosted levels to the highs, reports Clarkson Wolff.

	Close	High/Low	Prev.
Dry Cargo			
April	1060	1075/1040	1039/1040
July	969	980/965	940
Oct.	1030	1030/1030	990
Jan.	992/1000	995/975	970/975
Apr.	990/1030	990	980
July	890	—	870
Oct.	980	—	940/950
Jan.	920	—	910
BFI	953.5	—	946.5

Turnover: 853 (1,114).

GRAINS

Old crop spot March positions expired in dull trading conditions with emphasis on storekeeper selling. In the afternoon deferred wheat months attracted trade sellers with commission house resistance preventing any further rise. New crops steadied on consumer buying, rallying 25p before running into shipper selling, reports T. G. Roddick.

	WHEAT		BARLEY	
Mnth	Yest'rdy's close	+ or −	Yest'rdy's close	+ or −
	£ per tonne		£ per tonne	
Mar	118.65	−0.85	113.25	—
May	118.75	−0.10	113.85	—
July	120.50	−0.30	—	—
Sep	99.65	+0.50	99.10	+0.15
Nov	101.95	+0.25	101.25	+0.15
Jan	104.40	+0.25	103.65	—
Mar	106.90	+0.35	105.80	+0.15

LONDON GRAINS — Wheat: US dark northern spring no. 1 15 per cent Apr/May/June 94.25. US no. 2 soft red winter June 89.25, July 87.75. French 11½-12 per cent March 145.00. English feed fob March 118.00, April 119.50, May/June 126.50 sellers, Sept 101.75/102.50, Oct/Dec 104.75/105.00, Jan/March 109.00/110.00 buyer/sellers, Apr/June 115.00 sellers. MAIZE: US no. 3 yellow/French transhipment east coast second-half March 142.50. Barley: English feed fob April 117.50 seller English, Apr/June 118.00 seller English/Scottish, Aug 100.00, Sept 101.75, Oct/Dec 104.50, March 109.00 sellers.

HGCA—Locational ex-farm spot prices. Feed Barley: E. Mids 114.40, N. East 114.00. The UK monetary coefficient for the week beginning Monday March 30 (based on HGCA calculations using 4 days' exchange rates) is expected to remain unchanged.

Business done—Wheat: March 118.75-8.50, May 118.85-8.70, July 120.60-20.50, Sept 99.90-9.65, Nov 101.95-1.90, Jan 104.40, March 106.90. Sales: 209 lots of 100 tonnes. Barley: March 113.95-2.75. May, Sept, Nov, Jan and March untraded. Sales: 13 lots of 100 tonnes.

OIL

Brent prices were slightly weaker in modest volume of trade and continued to display pronounced backwardation while May Dubai is at a premium to April. May WTI opened 13c down on Nymex and was trading at the same level at 1.30 pm EST. In the petroleum products market gasoline and naphtha remained firm on good demand for tight supplies but gas oil weakened in quiet discussion. Fuel oil fell as shorts were covered last week leaving less demand this week—Petroleum Argus, London.

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel)—April		
Arab Light	—	—
Arab Heavy	—	—
Dubai	16.80-16.90	−0.05
Brent Blend	18.05-18.10	−0.025
W.T.I. (1pm est)	18.45-18.50	−0.10
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	195-198	—
Gas Oil	142-145	−4
Heavy fuel Oil	95-97	−5
Naphtha	174-176	—

HEAVY FUEL OIL

Month	Yesterday close	+ or −	Business Done
	US $ per tonne		
Apr	95.00	−5.50	—
May	89.00	−4.50	89.50-89.00
June	—	—	—

Turnover: 4 (70) lots of 100 tonnes.

GAS OIL FUTURES

Month	Yestrdy's close	+ or −	Business Done
	US $ per tonne		
Apr	144.00	−5.50	147.50-44.00
May	143.00	−5.25	145.50-43.00
June	141.25	−2.50	145.50-41.25
July	141.25	−2.75	143.25-41.25
Aug	144.00	−1.80	144.50

Turnover: 3,044 (1,717) lots of 100 tonnes.

TEA

At the London tea auction there were 44,193 packages on offer, including 10,600 in the offshore section, reports the Tea Brokers' Association. Brighter Assam CTC's were again well received at firm to dearer prices. Mediums were irregular, but there was more enquiry for plainer types, though prices were easier. Bangladesh teas came in for better demand than of late at levels close to valuations. Best liquoring East Africans opened dearer but closed about steady while mediums were irregular. Central Africans were mainly 2p-4p lower and plainer types were a weak feature. Ceylons were well supported. Colory mediums and quality sorts ruled firm to dearer. There was fair enquiry for offshore teas, but prices were irregular. Quotations: quality unquoted (170p nominal); medium 127p a kg (same); low medium 85p a kg (same).

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CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar at record yen low

GROWING HOSTILITY in the US Congress to restrictive Japanese trading practices and the difficulties facing foreign companies trying to break into Japanese markets, set the dollar on a downward path yesterday.

Japanese moves to keep foreign competition out of its telecommunications market, led to speculation the Reagan Administration, weakened by the arms for Iran scandal, and facing a growing protectionist lobby on Capitol Hill, will seek to appease the anti-Japanese mood by allowing the dollar to fall against the yen.

Dealers noted the comment by Mr Clayton Yeutter, US Trade Representative, that the US and Japan are on the brink of a serious conflict on trade.

The weakening of the dollar was also encouraged by a television interview with Mr James Baker, US Treasury Secretary, when he said last month's Group of Six Paris agreement did not set a target range for the dollar, and on the subject of trade added the mood in the US is extremely disturbing.

The dollar touched a low of Y150.00, believed to be an important support level for the Bank of Japan, and finished only slightly higher in London at a record closing low of Y150.15, compared with Y151.65 on Friday. But after falling to around DM 1.82 in early European trading, the dollar traded steadily for the rest of the day, to close at DM 1.8200, against DM 1.8340 previously. It also declined to FFr 6.0600 from FFr 6.1050 and to SFr 1.5230 from SFr 1.5365.

On Bank of England figures the dollar's index fell to 102.5 from 103.1.

STERLING — Trading range against the dollar in 1986-87 is 1.6175 to 1.3700. February average 1.5274. Exchange rate index rose 0.3 to 72.5 compared with 69.7 six months ago.

The pound continued to benefit from fear of Bank of Japan and West German Bundesbank support for dollar. As the dollar weakened sterling remained an attractive alternative to the yen and D-Mark, on expectations of less resistance to a lower US currency from the Bank of England.

Steady oil prices and recent encouraging UK economic news lent underlying support to the pound, and the market also took heart from the consistent lead of the Conservative Party in recent opinion polls.

Sterling gained 1.55 cents to $1.6170-1.6180, the highest closing level since January 1983. It also rose to DM 2.9450 from DM 2.9375; to FFr 9.8025 from FFr 9.7800; and to SFr 2.4650 from SFr 2.4625, but eased to Y242.75 from Y243.00 against the strong yen.

D-MARK—Trading range against the dollar in 1986-87 is 2.4710 to 1.7870. February average 1.8234. Exchange rate index 147.3 against 139.9 six months ago.

The D-Mark was firm against the dollar in quiet Frankfurt trading. There were no new factors, and the dollar hovered around the bottom of its recent trading range at DM 1.82, without decisively moving below this level, to test further technical support at around DM 1.8125. The Bundesbank did not intervene when the dollar was fixed at DM 1.8205, compared with DM 1.8305 on Friday.

JAPANESE YEN—Trading range against the dollar in 1986-87 is 202.70 to 150.15. February average 153.36. Exchange rate index 212.4 against 216.8 six months ago.

The yen rose against the dollar in Tokyo, reflecting the growth in trade tension between Japan and the US, and the very large US trade deficit. The dollar fell to its lowest level in Tokyo since January 28, closing at Y150.75, compared with Y151.55 on Friday.

Selling pressure was reported from securities houses and industrial manufacturers, outweighing institutional buying for foreign bond purchases. The Bank of Japan was not seen to intervene.

£ IN NEW YORK

Mar 23	Latest	Previous Close
£ Spot	1.6140-1.6150	1.6040-1.6050
1 month	0.50-0.47 pm	0.48-0.47 pm
3 months	1.23-1.19 pm	1.25-1.22 pm
12 months	3.90-3.80 pm	4.02-3.92 pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

	Mar. 23	Previous
8.30 am	72.4	72.0
9.00 am	72.4	72.1
10.00 am	72.4	72.0
11.00 am	72.4	72.1
Noon	72.5	72.0
1.00 pm	72.5	72.0
2.00 pm	72.5	72.1
3.00 pm	72.5	72.1
4.00 pm	72.5	72.2

CURRENCY RATES

Mar. 23	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.78978	0.706288
U.S. Dollar	5.5	1.2761	1.14065
Canadian $	7.54	*	1.49106
Austrian Sch.	4	16.3182	14.5970
Belgian Franc	8	48.1422	43.0340
Danish Krone	7	8.74225	7.81405
Deutsche Mark	3.0	2.3230	2.07679
Neth. Guilder	4½	N/A	2.34633
French Franc	9½	7.7373	6.91693
[illegible]			

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu March 23	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.0340	+1.36	+0.90	± 1.5344
Danish Krone	7.85212	7.82405	−0.48	−0.94	± 1.6404
German D-Mark	2.05853	2.07679	+0.89	+0.43	± 1.0981
French Franc	6.90403	6.91693	+0.19	−0.27	± 1.3674
Dutch Guilder	2.31943	2.34633	+1.16	+0.70	± 1.5012
Irish Punt	0.768411	0.776748	+1.08	+0.62	± 1.6684
Italian Lira	1483.58	1477.72	−0.39	−0.39	± 4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

POUND SPOT—FORWARD AGAINST THE POUND

Mar. 23	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6050-1.6180	1.6170-1.6180	0.50-0.47 c pm	3.60	1.24-1.19 pm	3.00
Canada	2.1080-2.1165	2.1150-2.1160	0.58-0.48 c pm	3.93	1.42-1.26 pm	3.31
Nethlands	3.31½-3.33	3.32-3.33	1⅛-1⅛ c pm	4.51	3½-3⅛ pm	3.98
Belgium	60.76-61.10	61.00-61.10	18-11 c pm	2.85	41-30 pm	2.33
Denmark	11.03½-11.08¾	11.06¼-11.07¼	3¾-1⅞ ore dis	−2.78	3½-4⅛ dis	−1.42
Ireland	1.0950-1.1015	1.0980-1.0995	0.33-0.42 p dis	−4.10	0.88-1.16 dis	−3.71
W. Germany	2.93¾-2.95	2.94-2.95	1⅝-½ pf pm	6.37	4⅛-3⅞ pm	5.43
Portugal	225.89-227.26	226.30-227.25	65-134 c dis	−5.26	261-398 dis	−5.81
Spain	205.56-206.80	206.35-206.80	78-111 c dis	−5.49	230-280 dis	−4.94
Italy	2086½-2096½	2094¼-2095¼	2lire pm-par	0.57	4pm-1 dis	0.29
Norway	11.07¼-11.13½	11.10¼-11.11¼	4-4⅛ ore dis	−4.73	13⅝-14½ dis	−5.06
France	9.76¾-9.81	9.79¾-9.80¾	2-1⅞ c pm	2.22	4¼-3½ pm	1.58
Sweden	10.25½-10.30	10.28¼-10.29¼	1⅛-2¼ ore dis	−2.33	4¼-5 dis	−1.80
Japan	242¼-243½	242¼-243¼	1⅛-1⅛ y pm	6.18	3⅞-3⅝ pm	5.36
Austria	20.61-20.68	20.65-20.68	10⅛-9½ gro pm	5.88	26-22 pm	4.65
Switzerland	2.45¾-2.47	2.46-2.47	1⅛-1⅛ c pm	6.09	3½-3¼ pm	5.48

Belgian rate is for convertible francs. Financial franc 61.35-61.45. Six-month forward dollar 2.17-2.12 c pm 12-month 3.86-3.76 c pm.

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

Mar. 23	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6050-1.6180	1.6170-1.6180	0.50-0.47c pm	3.60	1.24-1.19pm	3.00
Ireland†	1.4667-1.4700	1.4690-1.4700	1.05-0.97c pm	8.26	2.65-2.45 pm	6.95
Canada	1.3050-1.3105	1.3080-1.3090	0.04-0.07c dis	−0.50	0.13-0.18 dis	−0.47
Netherlands	2.0530-2.0590	2.0555-2.0565	0.19-0.16c pm	1.02	0.54-0.49pm	1.00
Belgium	37.65-37.80	37.70-37.80	1-4c dis	−0.98	4-9 dis	−0.85
[illegible]						

MONEY MARKETS

Rates ease a little

INTEREST RATES were slightly lower in London yesterday as the market looked for another cut in bank base rates. Sterling's firmer trend added to the bullish tone and it now seems to be a matter of how easy it will be for the authorities to resist downward pressure.

Three-month interbank money was quoted at 9⅝-9½ per cent, compared with 9⅞-9¾ per cent on Friday. Overnight money remained firm however with the Bank giving less help than the published forecast. Some short dated paper did emerge but there was still a general reluctance to part with high yielding paper. Consequently overnight money rose from an opening of 10¼-10 per cent to finish bid at 14 per cent.

UK clearing bank base lending rate 10 per cent since March 18-19

The Bank of England forecast a shortage of around £800m with factors affecting the market including the repayment of late assistance and bills maturing in official hands together with a take up of Treasury bills draining £1,181m and banks' balances brought forward £20m below target. These were partly offset by Exchequer transactions which added £55m and a fall in the note circulation of £355m.

The forecast was revised to a shortage of around £750m and the Bank gave assistance in the morning of £97m. This comprised outright purchases of £12m of eligible bank bills in band 1 at 9⅞ per cent and £85m in band 2 at 9⅞ per cent.

Further assistance was given during the afternoon of £485m through outright purchases of £65m of Treasury bills and £345m of eligible bank bills in band 1 at 9⅞ per cent and £75m of eligible bank bills in band 2 at 9⅞ per cent. Total help came to £582m.

In Frankfurt the Bundesbank announced its intention to offer funds to the market through sale and repurchase agreements with a 28-day maturity at 3.80 per cent fixed. Successful applicants will receive the money today, coinciding with a maturity facility of DM 3.4bn. Call money was quoted at 3.75 to 3.85 per cent after the announcement which was unchanged from Friday. However, the latest facility is likely to be larger than the expiring agreement since further funds will be taken out of the market as temporary lending, introduced to overcome shortages caused by earlier tax payments, is withdrawn from circulation. Consequently estimates of the likely amount of the new tender ranged up to DM 10bn.

In Paris the Bank of France did not cut its money market intervention rate from 7¾ per cent, preferring instead to postpone any purchases of first category paper.

The Belgian National Bank cut its rates on short-term Treasury bills with one, two and three-month certificates all falling to 7.40 per cent from 7.5 per cent.

FINANCIAL FUTURES

Gilts easier

GILT PRICES lost ground in the London International Financial Futures exchange yesterday. Dealers saw good two-way business for most of the morning but the sellers gained the upper hand during the afternoon.

There was no easily identifiable reason behind prices finishing lower. Sterling remained firm, interest rates continued to edge down and cash markets were looking for a cut in bank base rates. The Conservative Party still showed an overall lead in opinion polls and firm oil prices provided underlying support.

However, profit-taking pushed values down. Some dealers suggested that some form of technical shake-out was inevitable from time to time and while its undertone remained firm, the gilt sector experienced a hiccup in momentum which let profit-takers in. Some also suggested that with interest rates falling in the UK, the real return on UK gilts over the rate of inflation was now unfavourable compared with the real return on US bonds.

The June gilt price opened at 127-13 and traded for much of the morning around 127-09 before slipping away in steps to a low of 126-19. Short covering helped the price recover to 126-29 down from 127-13 on Friday.

The June short sterling price opened at 91.15 which turned out to be the day's high. It was sold initially down to 91.09 before coming back towards lunch on good buying. However the buying suddenly dried up and prices went into reverse to touch a low of 91.04. The contract recovered only slightly to close at 91.06.

Three-month Euro-dollar futures remained subdued and finished slightly weaker on the day, affected to some extent by concern about the US administration's ability to reduce its budget deficit. Longer dated contracts showed a relatively narrow price difference over the near term, suggesting that there was currently little expectation of much change from current levels.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls—Last June	Calls—Last Sept	Puts—Last June	Puts—Last Sept
112	14.58	14.58	0.00	0.08
114	12.59	13.00	0.01	0.14
116	10.62	11.11	0.04	0.25
118	9.04	9.28	0.10	0.42
120	7.14	7.52	0.20	1.02
122	5.33	6.22	0.39	1.36
124	3.62	5.02	1.04	2.16
126	2.45	3.57	1.51	3.07

Estimated volume total, Calls 3,123 Puts 1030
Previous day's open int: Calls 18,478 Puts 11,133

LIFFE US TREASURY BOND OPTIONS

Strike Price	Calls—Last June	Calls—Last Sept	Puts—Last June	Puts—Last Sept
92	8.28	7.42	0.00	0.18
94	6.29	5.61	0.01	0.37
96	4.32	4.28	0.04	1.04
98	2.47	3.09	0.19	1.49
100	1.23	2.08	0.59	2.48
102	0.33	1.23	2.05	3.63
104	0.10	0.52	3.46	5.28
106	0.02	0.30	5.38	7.36

Estimated volume total, Calls 15 Puts 0
Previous day's open int: Calls 265 Puts 247

LIFFE FT-SE 100 INDEX FUTURES OPTIONS

Strike Price	Calls-Last Mar	Calls-Last Apr	Puts-Last Mar	Puts-Last Apr
19000	13.70	18.86	0.00	0.16
19250	11.20	16.49	0.00	0.29
19500	8.70	14.20	0.00	0.50
19750	6.20	12.01	0.00	0.81
20000	3.70	9.98	0.00	1.28
20250	1.35	8.11	0.15	1.91
20500	0.15	6.45	1.43	2.75
20750	0.00	5.00	3.80	3.80

Estimated volume total, Calls 60 Puts 40
Previous day's open int: Calls 702 Puts 660

LIFFE £/$ OPTIONS

LONDON SE £/$ OPTIONS

PHILADELPHIA SE £/$ OPTIONS

LIFFE—EURODOLLAR OPTIONS

LONDON

CHICAGO

SWISS FRANC (IMM)
SFr125,000 $ per SFr

	Latest	High	Low	Prev.
Jun.	0.6591	0.6604	0.6588	0.6559
Sep.	0.6629	0.6644	0.6627	0.6598
Dec.	0.6675	0.6675	—	0.6638
Mar.	0.6700	0.6700	—	0.6678

STANDARDS & POORS 500 INDEX
$500 times index

	Latest	High	Low	Prev.
June	302.80	303.30	299.60	299.80
Sept.	304.60	304.90	301.30	301.45
Dec.	306.10	306.10	302.80	302.75
Mar.	—	—	—	298.15

CURRENCY FUTURES

FT LONDON INTERBANK FIXING

MONEY RATES

LONDON MONEY RATES

£ WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on March 23, 1987. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rate; (cm) commercial rate; (cb) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (nc) non commercial rate; (nom) nominal; (o) official rate; (sg) selling rate; (c) controlled rate.

COUNTRY	CURRENCY	VALUE OF £ STERLING
Afghanistan	Afghani	99.20
Albania	Lek	10.1617
Algeria	Dinar	7.48
Andorra	French Franc	9.8025
	Spanish Peseta	206.58
Angola	Kwanza	46.387
Antigua	E. Caribbean $	4.36
Argentina	Austral	2.4833
Ghana	Cedi	251.62
Gibraltar	Gibraltar £	1.0
Greece	Drachma	215.68
Greenland	Danish Krone	11.0725
Grenada	E. Caribbean $	4.36
Guadaloupe	Local Franc	9.8025
Guam	U.S. $	1.6175
Panama	Balboa	1.6175
Papua New Guinea	Kina	1.4970
Paraguay	Guarani	387.48 / 1139.50
Peru	Inti	exc(o)23.50 / (F) 32.53 / (Fn) 29.39
Philippines	Philippine Peso	32.60

WORLD MARKETS

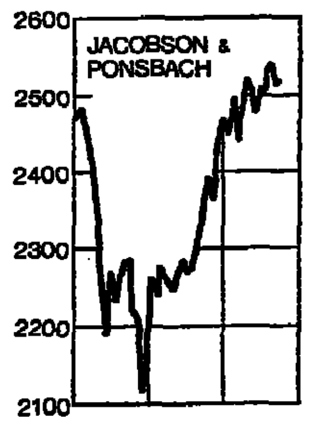
FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

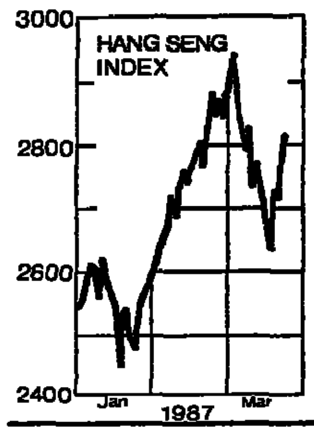
NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of stocks per grouping	MONDAY MARCH 23 1987 US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	DOLLAR INDEX 1986/87 High	1986/87 Low	Year ago
Australia (94)	117.65	+2.7	107.83	113.73	3.01	117.65	70.18	85.45
Austria (16)	93.94	+0.2	86.10	88.75	1.73	101.62	70.60	79.30
Belgium (47)	118.10	+0.6	108.24	110.52	4.04	118.10	53.75	74.17
Canada (132)	134.31	+0.3	123.10	127.25	2.20	134.31	86.58	96.78
Denmark (39)	111.40	−0.9	102.10	103.71	2.39	124.10	87.87	100.93
France (121)	117.84	+1.5	108.01	112.02	2.22	117.84	57.72	80.66
West Germany (99)	86.46	+2.5	79.24	81.81	2.19	100.33	74.48	86.64
Hong Kong (45)	110.75	+1.1	101.50	110.93	2.85	114.71	62.87	64.57
Ireland (14)	129.72	+2.4	118.89	124.38	3.39	129.92	62.33	86.44
Italy (76)	103.30	+2.1	94.67	99.90	1.50	108.30	46.07	76.02
Japan (458)	126.11	+1.0	115.59	119.70	0.53	126.11	49.46	65.59
Malaysia (35)	132.14	−0.4	121.11	128.12	2.97	135.38	66.67	72.41
Mexico (14)	139.78	+1.5	128.11	167.96	1.22	140.82	43.00	56.62
Netherland (38)	113.51	+2.4	104.04	106.52	4.13	113.51	74.14	85.11
New Zealand (27)	94.23	+0.7	86.37	89.47	3.01	100.59	47.37	58.51
Norway (25)	126.63	+1.2	116.06	118.03	1.93	126.63	90.02	104.94
Singapore (27)	119.79	+1.1	109.79	118.16	3.16	120.40	55.94	56.68
South Africa (61)	142.47	−1.2	130.58	103.83	3.86	144.22	69.06	108.09
Spain (43)	111.25	−0.3	101.96	107.62	3.64	121.31	45.00	74.19
Sweden (33)	111.87	+0.3	102.53	105.33	2.25	112.03	63.35	80.17
Switzerland (52)	93.89	+0.7	86.05	88.65	1.90	104.06	69.01	78.96
United Kingdom (342)	132.76	+1.8	121.68	121.68	3.42	132.76	75.39	99.98
USA (581)	123.86	+1.0	113.52	123.86	2.89	123.86	85.46	99.32
Europe (945)	113.67	+1.7	104.18	106.18	2.89	113.67	69.36	88.83
Pacific Basin (686)	125.15	+1.0	114.70	119.05	0.70	125.15	51.10	66.20
Euro—Pacific (1631)	120.58	+1.3	110.51	113.90	1.52	120.58	58.45	75.12
North America (713)	124.41	+1.0	114.02	124.05	2.85	124.41	85.61	99.19
World Ex. US (1838)	121.32	+1.2	111.20	114.32	1.58	121.32	60.02	76.23
World Ex. UK (2077)	121.31	+1.1	111.18	117.70	1.96	121.31	69.65	83.93
World Ex. So. Af. (2358)	122.19	+1.2	111.99	118.14	2.08	122.19	69.95	85.15
World Ex. Japan (1961)	120.52	+1.2	110.46	117.20	2.88	120.52	79.87	94.71
The World Index (2419)	122.32	+1.1	112.11	118.04	2.10	122.32	70.14	85.29

Base values: Dec 31, 1986 = 100

SWEDEN



HONG KONG



EUROPEAN OPTIONS EXCHANGE

Series		May 87 Vol.	May 87 Last	Aug 87 Vol.	Aug 87 Last	Nov 87 Vol.	Nov 87 Last	Stock
GOLD C	$400	7	15.50	—	—	—	—	$408.80
GOLD C	$420	106	6	29	36	—	—	"
GOLD C	$440	—	—	14	11	1	18	"
GOLD C	$460	5	1.60	—	—	—	—	"
GOLD P	$370	—	—	—	—	10	5	"
GOLD P	$400	—	—	3	9.50	—	—	"
GOLD P	$420	2	15	—	—	—	—	"
		Jun 87		Sep 87		Dec 87		
SILVER C	$550	3	25	—	—	—	—	$566
SILVER C	$600	—	—	—	—	14	24A	"
SILVER P	$500	6	1	—	—	—	—	"
SILVER P	$550	—	—	10	5	240	14	"
£/Fl C	Fl.330	13	6.20	—	—	—	—	Fl.332.15
£/Fl C	Fl.335	1	4.60	—	—	—	—	"
£/Fl C	Fl.345	160	1.50B	—	—	—	—	"
£/Fl P	Fl.320	—	—	10	7.50	—	—	"
£/Fl P	Fl.325	—	—	10	9.50	—	—	"
£/Fl P	Fl.330	—	—	750	12	—	—	"
		Apr 87		May 87		Jun 87		
$/Fl C	Fl.200	—	—	—	—	33	7.20	Fl.205.73
$/Fl C	Fl.205	7	2.50	6	3.50	106	4.30	"
$/Fl C	Fl.210	10	0.80B	10	1.60	7	2.50	"
$/Fl C	Fl.215	—	—	100	0.20	115	1	"
$/Fl P	Fl.195	—	—	—	—	10	0.70	"
$/Fl P	Fl.200	10	0.50	—	—	108	1.90	"
$/Fl P	Fl.205	335	1.90B	9	3	4	4	"
$/Fl P	Fl.210	15	5.30	13	6	10	7	"
$/Fl P	Fl.215	—	—	—	—	13	10.80	"
		Sep 87		Dec 87		Mar 87		
$/Fl C	Fl.200	20	9	20	10	—	—	"
$/Fl C	Fl.205	15	6.10	17	7.20	—	—	"
$/Fl C	Fl.220	100	1.20	—	—	—	—	"
$/Fl P	Fl.200	25	3.90	607	5.60	—	—	"
$/Fl P	Fl.205	—	—	11	7.60	—	—	"
$/Fl P	Fl.210	1	9.30	—	—	—	—	"
$/Fl P	Fl.215	—	—	6	14.20	—	—	"
		Apr 87		Jul 87		Oct 87		
ABN C	Fl.520	335	7.70	174	18	7	23.20B	Fl.515
ABN P	Fl.480	57	1.70B	250	8.50	7	15.10	"
AEGON C	Fl.90	90	1.20	140	2.70	5	4	Fl.85.70
AEGON P	Fl.85	67	2	2	3.50	2	5.40	"
AHOLD C	Fl.105	50	9	1	11.20	—	—	Fl.112.90
AHOLD P	Fl.100	35	0.50	600	2.20	—	—	"
AKZO C	Fl.150	242	2	440	4.50	121	7.40	Fl.144.40
AKZO P	Fl.140	65	1.70	331	6	59	7.50	"
AMEV C	Fl.65	20	1.80	73	3.20	10	4.50	Fl.63.10
AMEV P	Fl.75	30	11.50B	37	13	—	—	"
AMRO C	Fl.80	378	2.40	164	4.60	36	5.50	Fl.80.30
AMRO P	Fl.80	34	2.80	34	4	—	—	"
ELSEVIER C	Fl.270	8	1.50	154	4.90	10	9	Fl.254.50
ELSEVIER P	Fl.250	92	6	43	11.80	1	14.50	"
GIST-BROC. C	Fl.45	102	1.20	243	2.60	40	4	Fl.43.80
GIST-BROC. P	Fl.40	56	0.90	11	2	1	2.60A	"
HEINEKEN C	Fl.160	114	17	62	17.50	2	17.50	Fl.176.50
HEINEKEN P	Fl.160	120	0.80	2	2.50	3	4.50	"
HOOGOVENS C	Fl.40	73	1	111	2.10B	10	3.50A	Fl.35.50
HOOGOVENS P	Fl.35	205	2	60	3.30	49	4	"
KLM C	Fl.45	44	0.60	64	1.90	5	2.90A	Fl.42.40
KLM P	Fl.40	15	0.40	6	1.80	87	3	"
NAT. NED C	Fl.75	62	1.90	173	3.10	32	4.50	Fl.73
NAT. NED. P	Fl.75	4	2.80B	55	4.80	96	6B	"
PHILIPS C	Fl.50	414	0.90	115	2.50	172	3.50	Fl.49.20
PHILIPS P	Fl.45	205	0.50	82	1.20	21	1.90	"
ROYAL DUTCH C	Fl.250	1342	4.20	1461	5.90	505	7.20A	Fl.247.70
ROYAL DUTCH P	Fl.240	1160	2.70	514	9.50	164	13.50	"
ROBECO P	Fl.95	—	—	—	—	10	1.50	—
UNILEVER P	Fl.560	223	5	184	14	49	1E	Fl.570

TOTAL VOLUME IN CONTRACTS: 38,885

A=Ask B=Bid C=Call P=Put

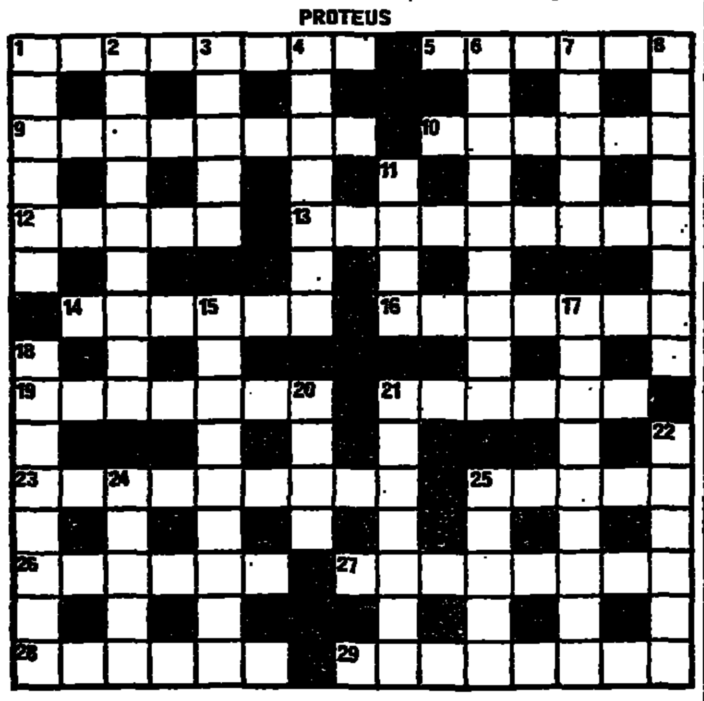
BASE LENDING RATES

	%		%		%
ABN Bank	10	● Charterhouse Bank	10	● Morgan Grenfell	10
Adam & Company	10	Citibank NA	10	Mot Credit Corp. Ltd	10½
Allied Arab Bk Ltd	10	Citibank Savings	¶12.45	Nat Bk. of Kuwait	10
Allied Dunbar & Co	10	City Merchants Bank	10	National Girobank	10
Allied Irish Bank	10	Clydesdale Bank	10	Nat Westminster	10
American Exp. Bk	10	Comm. Bk. N. East	10	Northern Bank Ltd	10
Amro Bank	10	Consolidated Cred	10	† Norwich Gen. Trust	10
Henry Ansbacher	10½	Co-operative Bank	*10	PK Finans. Intl (UK)	11½
ANZ Banking Group	10	Cyprus Popular Bk	10	Provincial Trust Ltd	12
Associates Cap Corp	11	Duncan Lawrie	10	R. Raphael & Sons	10
Authority & Co Ltd	10½	E. T. Trust	12	Roxburghe G'rantee	11½
Banco de Bilbao	10	Equator'l Tst C'p plc	11	Royal Bk of Scotland	10
Bank Hapoalim	10	Exeter Trust Ltd	10½	Royal Trust Bank	10
Bank Leumi (UK)	10	Financial & Gen. Sec	10	Standard Chartered	10
Bank Credit & Comm	10	First Nat. Fin. Corp	11½	Trustee Savings Bnk	10
Bank of Cyprus	10	First Nat. Sec. Ltd	11½	UDT Mortgage Exp.	¶12.25
Bank of Ireland	10	● Robert Fleming & Co	10	United Bk of Kuwait	10
Bank of India	10½	Robert Fraser & Ptrs	11½	United Mizrahi Bank	10
Bank of Scotland	10	Grindlays Bank	‡10	Westpac B'nking Corp	10
Banque Belge Ltd	10	● Guinness Mahon	10	Whiteaway Laidlaw	10½
Barclays Bank	10	HFC Trust & Savings	10	Yorkshire Bank	10
Benchmark Tst Ltd	10	● Hambro Bank	10		
Beneficial Trust Ltd	11½	Heritable & Gen. Tst	10		
Berliner Bank AG	10	● Hill Samuel	§10		
Brit. Bk. of Mid. East	10	C. Hoare & Co	10		
● Brown Shipley	10	Hongkong & Shangh'	10		
Business Mortgages Tst.	10	Lloyds Bank	10		
CL Bank Nederland	10	Mase Westpac Ltd	10		
Canada Permanent	10	Megbraj & Sons Ltd	10		
Cayzer Ltd	10	Midland Bank	10		

● Members of the Accepting Houses Committee. * 7-day deposits 5.35%. Savewise 8.03%. Top Tier—£2,500+ at 3 months' notice 9.38%. At call when £10,000+ remains deposited. ‡ Call deposits £1,000 and over 5¾% gross. ¶ Mortgage base rate. § Demand deposit 5.35%. Mortgage 12¼%.

FT CROSSWORD PUZZLE No. 6,285

PROTEUS



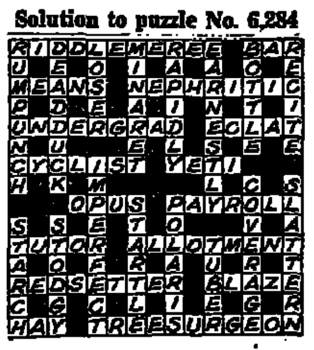
ACROSS

1 Child solidarity securing freedom from punishment (8)
5 Shares entrapping a large *number of vagrants* (6)
9 Bowlers taking model on board ships (8)
10 Yon church with the straw roof (6)
12 Correct measure to finish with (5)
13 Not put out of countenance if girl gets smashed (9)
14 Means of access to one scene of sporting action (6)
16 Writer in hospital about Easter-tide (7)
19 Price cut embarrassed dictator brought in? (7)
21 Instruction to motorists to keep silence (4, 2)
23 Guaranteed to have gone on a bit after battle (9)
25 Belief that there's a Communist in firm? (5)
26 One politician bearing spoil (6)
27 One rendering to dislike (8)
28 Rush here and there to obtain a what-d'ye-call-it (6)
29 They beg for quiet rulers (8)

ACROSS

1 Resulted in one's getting prosecuted (6)
2 Kept safe from harm when pickled (9)
3 Rover used to pick up model friend (5)
4 It's agony picking wrong flower (7)
6 Listen again to girl at practice (9)
7 Condition of agreement in *marriage* (5)
8 List of cryptic clues he'd be taken in by (8)
11 Pick faults in fish (4)
15 Damaged crate with about nine fruit (9)
17 Hot water if we damage sewing-kit? (9)
18 Poet lying in the sun perhaps (8)
20 Some send a telegram to make appointment (4)
21 Torment when going back to reside with society girl (7)
22 Borderland springs (6)
24 Swift incursion around Peterhead (5)
25 Dog given first-class return by papal court (5)

Solution to puzzle No. 6,284



FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)

[illegible]

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FT UNIT TRUST INFORMATION SERVICE

MGM Unit Managers Ltd
MGM House, Heene Rd, Worthing 01-623 8211

High Inc.	273.6	291.0	+2.8	5.42
(Accum Units)	330.9	352.0	+3.3	5.42
UK Growth	337.1	358.4	+2.1	2.67
(Accum Units)	356.0	378.7	+2.2	2.67

MLA Unit Trust Management
1 Sessions Hse Sq, Maidstone ME14 1XX 0622 674751

MLA Gen Tst.	40.4	42.8	+0.3	1.75
MLA Income Trust	53.6	56.8	+0.8	3.96
MLA Int.	60.0	63.5	+0.3	0.83
MLA Gilt Unit Tst	25.1	26.6	+0.3	9.77
MLA European Trust	33.4	35.4	—	0.70
MLA American Tst	27.5	29.1	—	0.85

ManuLife Management Ltd
St George's Way, Stevenage 0438 356101

Gilt&Fxd Inc.	121.1	125.4	—	6.94
Growth Units	96.5	102.5	—	2.62
High Income Units	134.8	143.3	—	3.95
High Yielding Gilt Uts	61.1	63.3	—	8.01
Intl Growth Unit Tst	151.2	160.7	—	0.34
UK Smaller Cos.	102.4	108.8	—	1.68
North American	83.7	88.9	—	0.46
Far East	117.0	124.3	—	0.05

Mayflower Management Co Ltd
No. 1 London Bridge, London, SE1 9QU 01-378 7000

Income March 16	299.7	318.9	—	5.50
General March 16	239.9	256.2	—	1.98
International March 16	151.1	160.8	—	0.67
Global Inc Fd March 16	49.6	52.8	—	5.15

Perpetual Unit Trust Mngmt. (a)
48 Hart Street, Henley on Thames 0491 576868

International Growth	310.6	331.5	—	0.96
Income	233.8	249.8	—	3.70
Worldwide Recovery	170.5	182.1	—	1.61
American Growth	78.4	83.7	—	0.87
Intl. Emerging Cos.	94.0	100.4	—	0.71
Far East Growth Fd.	94.7	101.2	—	0.77
European Growth Fd.	63.0	67.3	—	1.05

Prolific Unit Trust Managers Limited.
222 Bishopsgate, London EC2 01-247 7544/7

Prolific American Inc.	60.0	63.9	—	3.79
Prolific C'vert & Gilt	114.2	121.5	—	4.95
Prolific Euro Gilt&Inc.	49.5	52.7	—	2.78
Prolific Extra Inc.	113.7	121.4	—	3.65
Prolific Far East	199.8	213.3	—	—
Prolific High Inc.	77.9	83.4	—	3.40
Prolific Intl.	142.9	151.8	—	0.34
Prolific N. Amer.	140.6	150.4	—	—
Prolific Spec. Sits.	73.0	78.0	—	1.00
Prolific Technology	139.2	148.9	—	—

Providence Capitol Fd. Mgrs. Ltd
30 Uxbridge Road, London W12 8PG 01-749 9111

Japan Inc.	86.1	92.1	-0.7	0.00
Japan Acc.	86.3	92.3	-0.7	0.00
Worldwide Inc.	77.9	81.8	—	1.09
Worldwide Acc.	78.7	83.3	—	1.09
European Tst Inc.	90.8	96.7	-0.2	0.95
European Tst Acc.	91.5	97.4	-0.2	0.95
North American Inc.	68.6	72.6	+0.1	1.17
North American Acc.	69.4	73.5	—	1.17
UK Equity Inc.	82.1	86.9	+0.6	1.88
UK Equity Acc.	85.8	90.8	+0.7	1.88
UK High Inc Eqty Inc.	58.6	61.3	-0.1	4.92
UK High Inc Eqty Acc.	59.5	63.0	-0.1	4.92
Hong Kong Trust	94.6	99.4	-0.1	0.56
Swiss Equities Trust	44.2	46.8	-0.8	1.97

INSURANCES

FT UNIT TRUST INFORMATION SERVICE

M & G Group
Three Quays, Tower Hill, EC3R 6BQ 01-626 4588

Amer Bond (Acc)	215.5	226.4	+1.4	—
Amer Rec Bond (Acc)	273.5	287.3	-1.7	—
Amer Smlr Co Bd (Acc)	118.9	125.0	-0.8	—
Australasian Bd (Acc)	166.9	175.4	-0.1	—
Commodity Bond (Acc)	173.8	182.5	+0.5	—
Deposit Bond (Acc)	221.7	232.9	+0.1	—
Equity Bond (Acc)	642.6	674.4	+4.2	—
Equity Bond Bonus	271.6	285.2	+1.7	—
European Bond (Acc)	179.5	188.6	+0.5	—
Extra Yld Bd (Acc)	360.8	378.9	+4.3	—
Far Eastern Bond (Acc)	145.7	153.1	-0.3	—
Gilt Bond (Acc)	267.1	280.5	+1.7	—
Gold Bond (Acc)	132.3	139.0	+1.7	—
High Yield Bond (Acc)	242.4	254.6	+1.7	5.32
Index-Linked GiltBd(Acc)	125.8	132.2	—	—
Internl Bond (Acc)	391.6.8	411.5	-0.4	—
Internl Inc Bond (Acc)	127.9	134.4	+0.3	—
Japan Bond (Acc)	203.9	214.2	-3.9	—
Japan Smaller Co (Acc)	143.4	150.7	-3.0	—
Managed Bond (Acc)	474.5	498.3	+2.4	—
Property Bond (Acc)	285.6	300.0	+0.1	—
Recovery Bond (Acc)	338.0	355.0	+2.4	—

Pensions Funds

American (Cap)	336.	353.1	+7.4	—
American (Acc)	466.2	489.6	+10.1	—
Building Soc (Cap)	93.6	98.4	+0.1	—
Building Soc (Acc)	129.8	136.4	+0.1	—
Deposit (Cap)	153.8	161.5	+0.1	—
Deposit (Acc)	213.3	224.0	+0.2	—
European (Cap)	137.0	144.0	+0.4	—
European (Acc)	190.1	199.7	+0.6	—
Equity (Cap)	397.7	417.7	+9.4	—
Equity (Acc)	551.17	578.8	+13.5	—
Gilt (Cap)	249.5	262.0	+1.3	—
Gilt (Acc)	346.0	363.4	+1.8	—
Gold (Cap)	92.7	97.5	+1.3	—
Gold (Acc)	128.6	135.2	+1.7	—

OFFSHORE AND OVERSEAS

MANAGEMENT SERVICES

هكذا من الأصل

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

1986/87 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
100¼	93⅞	Funding 6½pc 85-87	99⅞		6.52	8.95
101⅛	96½	Treas. 10pc 1987	100¹⁄₁₆	−⅛	9.99	9.22
98½	90⅛	Treas 3pc 1987	98⅞	−⅛	3.04	7.06
104½	99⅛	Treas. 12pc 1987	101⅞	−⅛	11.79	8.86
99⅛	92½	Treas 7¾pc 1985-88‡‡	99⅛	−⅛	7.80	8.59
104	96⅛	Exch 10½pc '88	101⅞	−⅛	10.31	8.72
102⅛	95⅛	Treas 9½pc Cv '88	101⅛	−⅛	9.63	8.62
95⅛	86⅛	Transport 3pc '78-88	95⅞	−⅛	3.14	6.69
102⅛	93½	Treas. 9½pc '88	101⅛xd	−⅛	9.39	8.72
107⅛	98⅛	Treas 11½pc 1989	104⅞	−¼	10.97	8.70
103⅛	95⅛	Treas 9½pc Cnv 1989	101⅞xd	−⅛	9.36	8.67
93⅛	82⅛	Treas 3pc 1989	92⅞	−⅛	3.23	6.65
105⅛	95⅛	Treas 10½pc 1989	103⅞	+⅛	10.15	8.73
104⅛	94⅛	Exch. 10pc 1989	102⅞		9.74	8.73
107⅛	97	Exch 11pc 1989	105⅛xd	+⅛	10.47	8.70
94⅞	84⅛	Treas 5pc 1986-89	94⅛xd	−⅛	5.31	7.55
110⅛	99⅛	Exch 10½pcCv '89	107⅛	+⅛	9.56	7.13
114⅛	103⅛	Treas 13pc 1990‡‡	110⅞	−⅛	11.74	8.60
108⅛	97⅛	Exch 11pc 1990‡‡	105⅞	−⅛	10.40	8.67
113⅛	101½	Exch. 12½pc 1990	109⅞xd	−⅛	11.38	8.67
89⅛	79⅛	Treas. 3pc 1990	89⅛	−⅛	3.34	6.69
100⅛	89⅛	Treas 8¼pc 1987-90‡‡	99⅛	−⅛	8.32	8.52
106⅛	93	Treas. 10pcCv 1990	103⅞xd	−⅛	9.62	8.70
87⅛	76⅛	Exch 2½pc 1990	87⅛	−⅛	2.87	6.48
112⅛	99⅛	Treas 11¾pc 1991	109⅞	−¼	10.71	8.69
94⅛	83⅛	Funding 5¾pc '87-91‡‡	93⅞xd	−⅛	6.15	7.66
86⅛	79⅛	Treas. 3pc 1991	86⅞	+⅛	3.45	6.70
109⅞	95⅛	Treas 10pc Cv '91	109⅞	+⅛	9.14	7.40
110⅛	96⅛	Exch. 11pc 1991	108½xd	−¼	10.14	8.70
118⅛	103⅛	Treas 12¾pc 1992‡‡	115⅞		11.00	8.63
107⅛	92⅛	Treas 10pc 1992	105⅛	−¼	9.50	8.64

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

FOREIGN BONDS & RAILS

AMERICANS

Money Market Bank Accounts

Money Market Trust Funds

LONDON SHARE SERVICE

CANADIANS

1986/87 High	Low	Stock	Price	+ or -	Div Net	C'vr	Y'ld Gr's
32½p	20p	♥Abbot Energy Corp.	21½p	—	—	—	—
16½	330p	♥Amer. Barrick Res.	17¾	—	—	—	—
83p	34p	Armeno	80½p	−½	—	—	—
19⅜	13⅛	Bk. Montreal ‖	16⅞	+⅛	$2.00	—	5.7
10⅞	595p	Bk. Nova Scot.‖	964p	+52	72c	—	3.6
20⅞	17⅝	BCE ‖	20⅝	+1	$2.40	—	5.6
958p	457p	♥Bow Valley‖	958p	+20	10c	—	0.5
18½	11¼	♥Brascan‖	18½	+2	80c	—	2.3
429p	233p	♥Breakwater Res.	409p	+3	—	—	—
11⅞	820p	Can. Imp. Bk. $2	11¼	+¼	$1.08	—	4.7
12	692p	Can. Pacific ‖	12	+⅛	40c	—	1.9
42	35	Do. 4pc Deb £100	42		4%	—	9.5
21¾	675p	♥Echo Bay Mines	21½	−⅛	20c	—	0.4
636p	289p	♥Granges Explo‖	592p	−28	—	—	—
53p	10p	♥Gt. Pacific Res.	12½p	+2	—	—	—
14	620p	♥Gulf Canada‖	13⅞	+⅛	52c	—	1.8
15	10½	♥Hawker Sid Can‖	12⅞	−⅛	96c	—	3.6
750p	100p	Hanlys Group	664p	−16	—	—	—
15⅝	11	Hudson's Bay ‖	13⅞	+¼	60c	—	2.1
33⅞	16¼	♥Imperial Oil‖	31⅞	−1⅛	$1.60	—	2.4
11⅛	731p	Inco‖	10⅛	+½	US$0.20	—	1.4
20	550p	♥Intl. Corona Res.	18⅞	−⅛	—	—	—
701p	500p	♥Island Nat. Gas $1	634p	−10	60c	—	4.5
261p	122p	♥Muscocho Expln.	249p	−1	—	—	—
22⅞	748p	♥Ntnl Business Syst.‖	928p	−2	—	—	—
13½	965p	♥Rio Algom	11½	+⅛	65c	—	2.7
19⅞	13⅛	Royal Bk. Can. ‖	16¼	+¼	$2.00	—	5.9
47½	30¼	Seagram‖	47¼	+¼	US$1.00	—	1.4
14⅞	10½	Toronto-Dom. Bk.‖	14½	+½	84c	—	2.8
10	753p	♥Trans Can Pipe	970p	−30	$1.12	—	5.5
223p	125p	Varity Corp‖	147p	−3	B	—	—

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Cont.

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INSURANCES

LONDON SHARE SERVICE

INSURANCES—Continued

1986/87 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
348	220	PWS Holdings 10p	305	−2	g9.25	2.9	4.3	11.4
386	200	Pearl Group 5p	349	+1	8.8	—	3.6	—
*950	714	Prudential	932	+13	126.0	—	3.9	—
499	362	Refuge 5p	477	+1	15.75	—	4.7	—
£10¼	762	Royal	909	−2	31.0	—	4.6	—
*408	299	Sedgwick Group 10p	327	+2	¶12.0	1.7	5.2	14.0
275	194	Steel Burrill J. 10p	232		17.0	2.1	4.2	15.5
505	347	Stewart Wr. 20p	453	+4	†11.0	2.1	3.4	18.4
450	285	Sturge Hldgs 20p	441	−4	16.0	2.5	1.9	28.9
805	520	Sun Alliance	792	+19	†17.5	—	3.1	—
£10¼	778	Sun Life 5p	£10		123.74	—	9.2	—
£52¾	£16½	Taisho M EDR	648	−7	Q10%	—	0.9	—
£24¾	£15¼	Torchmark $1.00	£19¾		060c	—	2.0	—
320	120	Trade Indemnity	318	+10	h3.25	—	1.4	—
£40¾	£29¾	Travelers $1.25	£32		$2.28	—	4.7	—
£33¾	£25¾	USLIFE Corp. $1.0	£26		Q$1.20	3.2	2.9	10.7
595	423	Utd Friendly B 10p	595		†17.2	—	4.1	—
492	393	Willis Faber 12½p	425	+1	†8.75	2.9	2.9	16.1
57	38	Windsor Secs. 10p	55	+1	0.7	1.5	1.8	50.9

LEISURE

1986/87 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
161½	89½	A & M Group 10p	147½	+17½	0.4	2.0	3.9	18.1
83	72	A-R TV Prf. £1	76		5.95	40.1	11.2	—
*530	159	Anglia TV	529	+26	g11.25	3.3	3.0	14.7
179	103	Aspinall Hldgs. 10p	131		6.0	1.2	6.5	18.0
87	63	Avesco 1p	83	+3	10.5	6.6	0.8	21.3
47½	39	BBCE Hldgs. 5p	46½	+3½	h0.8	3.8	3.0	15.5
190	96	Barr & W.A.T. 'A'	180	+2	7.0	1.4	5.5	(7.2)
225	127	Boosey & Hawkes	175		—	—	—	—
64	37	Border T.V.	63	+3½	†t2.5	3.2	5.6	15.8
422	98	Brent Walker 10p	406	−13	4.0	2.7	1.4	31.5
175	33	Campari Intl. 20p	169	+2	1.0	—	0.8	—

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PAPER, PRINTING—Continued

PROPERTY

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TEXTILES—Cont.

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

Finance, Land, etc

FINANCE, LAND—Cont.

OIL AND GAS

OIL AND GAS—Continued

For Offshore 10c see Prices

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES—Continued

Tins

Miscellaneous

THIRD MARKET

NOTES

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

TRADITIONAL OPTIONS

3-month call rates

A selection of Options traded is given on the London Stock Exchange Report Page.

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Mar 9	Mar 19	Mar 20	Mar 30
Mar 23	Apr 2	Apr 3	Apr 13
Apr 6	Apr 23	Apr 24	May 5

* New time dealings may take place from 9.00 am two business days earlier.

Equities in strong form again but Government bonds easier in cautious trade

A slightly uncertain session on the UK securities markets ended with the equity sector moving up strongly to new peaks as short term interest rates again signalled that another cut in bank base rates may be in the offing. Share prices quickly brushed off hints that Mrs Thatcher's election prospects have been damaged by the Liberal-SDP Alliance. Government bonds, however, shaded lower despite firmness in the sterling exchange rate index.

Renewed strength on Wall Street, displayed in support for UK oil shares, helped London at the close.

The FT-SE 100 index ended with a net gain of 15.5 at a new all-time high of 2033.0. At 1611.5 the FT ordinary index was up 12.6 to within two points of the peak reached on March 3.

Confidence remained high in the equity market, although prices were bedevilled at first by the move to ex-dividend quotations in such major stocks as **Shell**, **Britoil** and **Royal Insurance**.

But share prices quickly recovered as London money market rates moved down to 9½ for one month and 9⅞ for three month money. With Wall Street in strong form ahead of the weekend, UK equities soon turned bullish.

The strength of the pound, mostly against the US dollar, could not upset the blue chip exporting stocks. **Imperial Chemical Industries** edged higher, still helped by recent recommendation by Wood Mackenzie and Greenwell, two UK securities houses. **Jaguar** benefited from demand from the Tokyo investors.

British Petroleum surged ahead as the City began to calculate the prospects for the sale of the UK Government stake. Helping the sector was a bullish review of oil price prospects by a member of the Exxon board.

Pharmaceutical stocks looked less certain, with **Wellcome** weak in late dealings on reports from Japan of adverse side-effects on its anti-AIDS drug.

Falling interest rates, together with the upturn in results, brought gains on most of the insurance stocks.

Minor falls in gilt-edged reflected little more than a trading adjustment following last week's substantial gains. Dealers showed no surprise—some even suggested that a further shakeout of perhaps a point or more at the long end could only be healthy.

However, some analysts warned that gilts might be vulnerable. Real yields on long dated UK bonds are now more than a point below those on US issues, and London prices may have "discounted further rate cuts," warned Chris Chambers of L. Messel, UK bond subsidiary of Shearson Lehman Bros.

Morgan Grenfell continued to rally in the wake of the recent disappointing preliminary figures, closing a further 28 higher at 418p; brokers Greenwell Montagu consider the shares a buy and state that the future looks significantly brighter for the company, with profits showing good growth in the current year. Moreover, the imminent appointment of a new chief executive will help rebuild confidence which was shattered by the Guinness/Distillers and Geoffrey Collier scandals. Elsewhere, **Mercury International** were notable for a rise of 32 to 400p; earlier this month, Mercury announced it is to float off a quarter of its fund management subsidiary—Mercury Asset Management—with 17.6m shares being offered at 225p per share. Press comment on the 12 per cent stake recently taken in **Wintrust** by a clutch of institutions induced good support for the shares which jumped 50 to 400p. Among Hire Purchases, **Combined Lease Finance** advanced 7 to 196p in response to the good preliminary results.

Sun Alliance led the way in Composites, rising 19 to 792p, on buying induced by a BZW recommendation ahead of the preliminary results scheduled for April 1. **GRE**, due to report on the same day, ended 13 to the good at 938p. Among Life issues, **Prudential** put on 13 to 932p in anticipation of today's preliminary results. **Trade Indemnity**, which writes credit insurance business both in the UK and overseas, gained 10 to 318p ahead of today's annual figures.

Allied-Lyons was the only leading Brewery issue to attract any worthwhile interest and closed 9 up at 399p. **Whitbread "A"** showed a gain of 4 at 333p, but, after last Friday's spirited activity, interest in **Guinness** dropped sharply and the shares remained at 329p. Regional **J. A. Devenish** continued to attract support and gained 9 further to 229.

The Building leaders, a shade easier initially, picked up to close firmer on balance. Secondary issues provided a host of features. **Helical Bar** were the sector's outstanding performer, touching 950p prior to closing a net 150 up at 825p following a news letter recommendation; the annual results are due around the middle of next month. Press comment was responsible for a rise of 15 to 328p in **Heywood Williams** and a gain of 10 to 518p in **Alfred McAlpine**. **Marshalls (Halifax)** firmed 7 to 251p on takeover hopes, while **Stanley Miller** gained 7 tot 60p reflecting revived speculative demand in a restricted market. Elsewhere, **Raine Industries** attracted renewed buying interest at 102½p, up 3, while **Federated Housing** picked up 15½ to 203p following newsletter comment.

Chemicals displayed several good rises. **Hickson International** rose 28½ to 565p following better-than-expected annual results, while **Lapore** gained 12 to 497p.

FINANCIAL TIMES STOCK INDICES	Mar. 23	Mar. 20	Mar. 19	Mar. 18	Mar. 17	Year ago	1986/87 High	1986/87 Low	Since Compilation High	Since Compilation Low
Government Secs	92.19	92.04	91.90	91.83	90.89	91.37	94.51 (18/4/86)	80.39 (20/1/86)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	97.52	97.89	97.89	97.60	96.42	95.11	97.98 (19/3/87)	86.55 (23/1/86)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1,611.5	1,598.9	1,581.6	1,589.5	1,586.9	1,394.6	1,613.5 (3/3/87)	1,094.3 (14/1/86)	1,613.5 (3/3/87)	49.4 (26/6/40)
Gold Mines	367.4	362.4	350.4	344.3	341.4	309.4	367.4 (23/3/87)	185.7 (18/7/86)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	3.64	3.67	3.71	3.68	3.68	3.88				
Earnings Yld.%(full)	8.41	8.48	8.59	8.54	8.53	9.24				
P/E Ratio (net) (*)	14.59	14.46	14.27	14.36	14.37	13.43				
SEAQ Bargains (5 pm)	57,177	57,786	51,952	52,571	39,866	—				
Equity Turnover (£m)	—	1,487.34	1,503.68	1,743.05	1,251.26	720.29				
Equity Bargains	—	68,578	63,380	59,410	53,698	40.898				
Shares Traded (ml)	—	673.2	620.6	625.5	486.9	322.5				

S.E. ACTIVITY Indices	Mar. 20	Mar. 19
Gilt Edged Bargains	168.5	188.2
Equity Bargains	444.3	410.7
Equity Value	3,005.9	3,039.3
5-Day Average		
Gilt Edged Bargains	190.8	195.6
Equity Bargains	390.5	375.9
Equity Value	2,814.7	2,756.2

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1593.3	1591.7	1598.9	1604.3	1607.3	1606.5	1603.2	1606.7

Day's High 1611.7. Day's Low 1590.9

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974. *Nil=14.05.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

Coalite put on 8 to 345p and **James Halstead** advanced 12 to 251p; the latter's interim results are due next monday. **Brent International** firmed 4 to 186p following the good preliminary figures.

Wickes were an outstanding feature in a firm Stores sector, jumping 65 to 341p on news of the agreed 345p cash offer from Cityquest, a newly incorporated company. This development excited **A. G. Stanley** which advanced 14 to 105p. Elsewhere, **Martin Gord** gained 7 to 76p following Press speculation about the company's possible acquisition of the Take Six chain of menswear shops. **Ward White** were also helped by Press comment and closed 10 better at 335p and **Coats Viyella** put on 10 to 594p ahead of today's preliminary figures. Leading retailers featured **Woolworth** up 18 at 842p on buying ahead of today's annual results; brokers forecast pre-tax profits in the region of £105m against £78.6m. **Burton** moved up 9 to 316p in response to Press comment.

Secondary issues provided the features in Electricals. **Forward Technology** responded to details of the 40 per cent dividend increase and doubled annual profits with a rise of 10 to 94p. **Rockwood** jumped 8 to 103p in anticipation of today's preliminary statement while improvements of between 11 and 15 were seen in **Stone International**, at 139p, **Sarasota Technology**, at 197p, and **Eurotherm**, at 407p. **Acorn Computer** moved up 8 to 72p and **Kode International** jumpel 37 to 435p. **Racal** came on offer among the leaders at 240p, down 6.

Leading Engineers were inclined firmer. **Hawker**, scheduled to reveal preliminary figures on April 15, rose 10 to 547p, while **GKN** edged up 7 to 332p. Elsewhere, **Hall Engineering** rose 10 to 294p on the announcement that Regentcrest and associates have a combined holding of 9½ per cent. **IMI** improved 35 to 219p. Revived speculative demand prompted a gain of 17 to 326p in **Laird Group** and a rise of 8 to 94p in **Downiebrae**.

Food Manufacturers were in fine fettle. **Tate and Lyle** rose 20 to 775 amid reports of strong overseas buying, while **Rowntree Mackintosh** gained 20 to 517p on talk of a broker's recommendation. **Northern** put on 14 to 306p behind re-rating suggestions, while **S. & W. Berisford** firmed 8 to 281p on dividend buying and Hillsdown takeover suggestions. **Avana** jumped 43 to 764p following the Monopolies Commission's go-ahead for the contested Rank Hovis McDougall offer for the company; **RHM** were a shade dearer at 320p. Among Retailers, recently overlooked **Kwik Save** picked up 9 at 283p.

Trusthouse Forte improved 5 to 234p following favourable comment and a broker's upgraded profits forecast, while **Ladbroke** rose 6 to 450p and **Grand Metropolitan** 8 to 488p.

With the exception of **BOC**, which met with occasional investment demand and closed 15 to the good at 456p, leading miscellaneous industrials rarely strayed from previous closing levels. Elsewhere, **Wellcome**, down 10 at 487p were not helped by reports from Japan that the side effects from the company's anti-Aids drug Retrovir are worse than expected. **Steetley**, in contrast, advanced 32 to 598p in response to the good preliminary figures and proposed one-for-one scrip issues, while the agreed bid from **BET** prompted a rise of 54 to 249p in **Scott Greenham**. **Pentland Industries**, also reflecting trading news and a two-for-one scrip issue, advanced 29½ to 680p. Newsletter recommendations left **Parker Knoll** up 14 at 574p and **J. Hewitt** 35 to the good at 253p, while weekend Press mention directed fresh buying interest to **Peek** which firmed 3 to 88p. **Pacific Sales** advanced 38 to 185p as BZW announced the successful placing of 300,000 shares with a number of institutions. Newspaper mention enlivened **Excalibur**, 18 higher at 72p. Good preliminary figures prompted a gain of 12½ to 344p. in **Spring Ram** and **Turner and Newall** gained 19 to 249p on news of the sale of its 51 per cent owned South African building subsidiary. **Redfearn Glass**, in which Mr R. Brierly owns a sizeable stake, were in demand and put on 43 to 516p. **Abbeycrest**, awaiting today's preliminary figures, put on 10 to 230p. Demand revived for **Bowater**, 13 higher at 448p, while buying interest persisted in **Norank Systems** which rose 16 further to 206p. **Thomson T-Line** advanced 19 to 560p following approval of the acquisition of Taddale Investments at yesterday's EGM. Sustained by **William Holdings** bid hopes, **Noreros** held steady at 396p, the former rose 14 to 750p.

Television issues made further strong headway in the wake of last week's excellent interim results from LWT. **Central TV**, preliminary figures due on Thursday, rose 58 to 649p, while **Yorkshire** gained 57 to 375p. **Scottish** were 41 higher at 586p and **Tyne Tees** 48 up at 531p, the latter additionally boosted by Press comment. **Anglia** put on 26 to 529p and **Grampian** gained 16 to 110p. Among travel concerns, **Owners Abroad** put on 5 to 65¾p in reply to newsletter comment. **Saga** were unaltered at 164p following the annual results.

Mid-term profits below market estimates and the need for a £9m provision to streamline the group's activities upset **Armstrong Equipment**, which fell 16½ to 154p. **Lucas Industries** were dull at 587p ahead of Thursday's interim results but **Kwik-Fit** jumped 11 to 163p on speculation that Woolworth, after the abortive talks with Underwoods, could turn its attention to the group. Woolworth recently acquired Charlie Brown's Car Part Centres. Bid speculation was also a factor in **British Car Auction** which, assisted by a broker's circular, jumped 11 to 236p. **H. & J. Quick** spurted 9 to 185p and **Hartwells** 4 to 112p. **Lex Service** gained 11 more to 405p reflecting the strength of semi-conductor issues overseas.

Ault & Wiborg continued to respond strongly to sharply improved annual figures, gaining 18 more to 181p, while **Olives Paper Mill** achieved 15 to 91p. **Watmoughs** put on 10½ to 380pxd, still mirroring recent good results, and **Jefferson Smurfit** firmed 12 at 470p. Advertising Agencies produced a good feature in **Lowe Howard-Spinks**, up 22 at 450p on newspaper mention. **WCRS** added 17 at 652p and, awaiting today's preliminary statement, **Davidson Pearce** hardened to 175p. Late news of the offer which, if accepted, could lead to a change in management control, lifted **Crown TV Products** 8 to 76p.

Properties made steady progress on interest rate hopes. **Land Securities** firmed 7 to 395p and **MEPC** gained a similar amount to 369p. **British Land** were a particularly firm market at 197p, up 5, while **Peachey** put on 5 to 353p. Elsewhere, recently dull **Laing Properties** rallied 7½ to 370pxd, while **Arlington Securities**, annual results due on Thursday, moved up 10 to 250p. **New England Properties** continued to attract buyers in the wake of the recent change of control and rose 8 to 79p, while **Shield**, boosted on Friday by news of the joint venture with Heron, advanced 43 more to 308p. **Mountleigh** rose 10 to 245p following press comment, while **Warnford** gained 50 to 875p in a restricted market. **Berekely** and **Hay Hill** added 2 to 25p and **Bredero** 4 to 195p following the respective annual trading statements. **Hambro Countrywide** were supported in front of today's preliminary figures and rose 40 to 440p.

Mersey Docks and Harbour, still reflecting the recent judgment on the South Docks compensation claim, eased afresh to 36p; the annual results made little impact.

Newsletter recommendations aroused keen buying enthusiasm for selected Textiles. **Palma** soared 15½ to 85p and **S. Jerome** jumped 28 to 207p while recently-dull **Lister** rallied 5 to 171p. Comment on carpet manufacturers similarly touched off fresh support of **John Crowther**, up 6 at 198p, and of **Gaskell Broadloom** picked up 6 more at 163p.

BAT Industries staged a minor revival after lagging behind recently, ending 10 better at 530p.

The chairman's forecast at the annual meeting of a 15 per cent increase in the dividend stimulated **Yeoman IT** income shares, which gained 6 to 125p. **M & G 2nd Capital** shares rose 1½ to 276p while parent group **M & G** put on 5 at 271p.

The oil majors attracted domestic and overseas support on crude price potimism. **British Petroleum**, a nervous market at one stage last week following news of the Government's decision to sell off its remaining 32 per cent stake in the company, were particularly favoured by US buyers and closed 28 higher at 863p. **Shell** were firm and moved up to £12½xd. **Ultramar** were 10 higher at 246pxd and **LASMO** a couple of pence dearer at 246p. **British Gas** put on 2½ to 91½p, but **Britoil** were a quieter market and a shade easier at 231pxd. Elsewhere, **Bryson** found support at 100p, up 6, while **Conroy Petroleum** picked up 4 at 110p.

South African gold shares had another strong session, as the strength of the Rand pushed prices ahead and London holders continued to resist the temptation to sell.

The shortage of stock meant that actual trading was thin, but prices moved up sharply across the full range, with **Vaal Reefs** again a firm feature. The market firmed afresh in late dealing when Wall Street opened sharply better.

On the Australian mining pitch, trading was very quiet, but prices again benefited from the interest in BHP as the BHP Gold Mines rights opened for trading.

Traditional Options

- First dealings March 16
- Last dealings March 27
- Last declaration June 25
- For Settlement July 6

For rate indications see end of Unit Trust Service

Money was given for the call of Scottish and Newcastle, Property Trust, ASDA-MFI, Barker and Dobson, Berkeley and Hay Hill, Central Securities, Excalibur, Williams Holdings, Ladies Pride, Antherity Investments, Pineapple, Markheath, Stormguard, Highland Participants, Owners Abroad, Pentland, Tricentrol, Cakebread Robey A. Suter, Conroy Petroleum, Rotaprint, Astra Industrial, Comtech, Heywood Williams, Premier Consolidated, Blacks Leisure, St. Modwen and Amstrad. No puts or double options were reported.

NEW HIGHS AND LOWS FOR 1986-87

NEW HIGHS (322)

BRITISH FUNDS (1), LOANS (1), AMERICANS (1), CANADIANS (3), BANKS (7), BREWERS (2), BUILDINGS (22), CHEMICALS (9), STORES (11), ELECTRICALS (20), ENGINEERING (12), FOODS (9), HOTELS (2), INDUSTRIALS (49), INSURANCE (2), LEISURE (22), MOTORS (4), NEWSPAPERS (6), PAPER (13), PROPERTY (24), SHIPPING (2), SHOES (1), SOUTH AFRICANS (4), TEXTILES (5), TOBACCOS (2), TRUSTS (48), OILS (14), OVERSEAS TRADERS (1) MINES (25).

NEW LOWS (4)

AMERICANS (3) Chemical New York, Image Storage/Retvl. Syst., Microcomputer Mems. OVERSEAS TRADERS (1) GN Great Nordic.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 6 pm.

Stock	Volume 000's	Closing price	Day's change	Stock	Volume 000's	Closing price	Day's change
ASDA-MFI	3,100	156	+4	Ladbroke	674	450	+6
Allied Lyons	3,300	399	+9	Land Securities	2,608	395	+7
Amstrad	3,150	189	+3	Legal & Gen.	678	307	+1
Assoc. Brit. Foods	1,000	370	+11	Lloyds Bank	496	488	+1
BAT	2,100	530	+10	Lonrho	856	265	−2
BET	900	503	—	MEPC	936	369	+7
BOC	959	456	+15	Marks & Spencer	3,700	228	+2
BPB Inds	794	713	+10	Midland Bank	799	637	+5
BPCC	773	343	−2	NatWest Bank	701	599	—
BTR	1,900	332	−1	Pearson	468	578	+5
Barclays	1,000	514	+2	P & O	620	630	+1
Bass	494	932	+3	Pilkington Bros	1,000	768	+10
Beecham	1,000	557	—	Plessey	11,000	254	+1½
Blue Circle	680	783	+20	Prudential	559	932	+13
Boots	2,400	292	+7	Racal	4,400	240	−6
Brit. Airways	12,000	125	+2	Rank Org.	452	731	+18
Brit. Aero	646	654	−4	RHM	310	320	+1
Brit. Gas	33,800	92	+3	Reckitt & Col	209	£10⅛	+⅛
Britoil	5,400	231	−3	Redland	184	474	+1
BP	9,050	863	+28	Reed Intl.	538	415	−1
Brit. Telecom	3,800	261	+1	Reuters	722	700xd	−2
Bunzl	629	231	+6	RMC	308	829	—
Burton	2,400	316	+9	RTZ	263	724	+2
Cable & Wire	2,700	358	+5	Rowntree Mac	3,300	517	+17½
Cadbury Schwps	3,400	252	—	Ryl Bnk of Scotland	245	334	—
Coats Viyella	1,600	594	+10	Royal Insurance	606	949xd	−2½
Comm. Union	1,600	319	+3	STC	2,200	245	−3
Cons. Gold	1,900	858	+9	Saatchi & Saatchi	222	657	+2
Cookson	2,300	604	+21	Sainsbury	770	504	+3
Courtaulds	759	420	−1	Scott & Newcastle	283	240	—
Dee Corpn	2,925	238	+4	Sears	798	137	+1
Dixons Grp	4,200	386	+8	Sedgwick	1,400	327	+2
English China Clays	791	417	+3	Shell Trans	7,000	£12½	+⅛
Fisons	433	651	+3½	Smith & Nephew	2,900	168	+6
Gen. Accident	106	985	+8	Standard Chart	136	777	—
Gen. Elect	10,000	222	+2	Storehouse	996	313	+6
Glaxo	1,200	£15½	—	Sun Alliance	554	792	+19
Globe Investment	513	156½	+1	TSB	8,100	81½	+½
Granada	998	338	+3	Tarmac	978	540	+2
Grand Met	3,000	488	+8	Tesco	661	483	+5
Gus "A"	254	£12⅛	+⅛	Thorn EMI	1,800	620	+2
Guardian R.E.	212	938	+13	Trafalgar House	934	355	+4
GKN	1,700	332xd	+7	T'house Forte	10,300	234	+5
Guinness	2,050	329	—	Unigate	725	385	+5
Hammerson Prop	87	495	+10	Unilever	355	£25¾	+⅛
Hanson Trust	3,600	165	+1	United Biscuits	2,400	285	+4
Hawker Sidd.	1,000	547	+10	Wellcome	7,800	487	−10
Hillsdown Hlgs	1,700	290	+10	Whitbread 'A'	962	333	+4
ICI	3,000	£13¾	+⅛	Willis Faber	581	425	+1
Imp. Cont. Gas	140	723	+1	Woolworth	3,100	842	+18
Jaguar	1,600	581	+7				

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	33	70	10
Corporations, Dominion and Foreign Bonds	17	18	32
Industrials	708	334	496
Financial and Properties	270	89	228
Oils	49	18	45
Plantations	2	4	8
Mines	81	42	57
Others	77	73	47
Totals	1,237	648	923

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

		Monday March 23 1987 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 27%)	Est. P/E Ratio (Net)	xd adj. 1987 to date	Fri March 20 Index No.	Thur March 19 Index No.	Weds March 18 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (208)	872.06	+0.6	7.32	3.94	17.29	2.72	867.18	857.61	861.95	727.97
2	Building Materials (27)	1071.03	+1.1	7.30	3.66	17.21	0.72	1059.24	1049.23	1052.73	829.17
3	Contracting, Construction (29)	1477.97	+0.6	6.96	3.21	19.70	3.07	1469.52	1466.81	1489.04	1164.75
4	Electricals (12)	2097.94	—	7.38	3.75	17.87	2.05	2097.44	2090.95	2108.81	1950.57
5	Electronics (38)	1981.48	+0.3	7.52	2.26	17.55	10.46	1975.94	1947.09	1963.82	1658.92
6	Mechanical Engineering (60)	484.93	+0.1	8.23	4.07	15.51	1.54	484.31	479.15	481.44	412.63
8	Metals and Metal Forming (7)	465.16	+1.1	7.79	3.41	15.59	0.00	460.08	455.95	456.66	331.00
9	Motors (15)	332.01	+0.4	8.31	3.27	13.87	2.43	330.71	325.84	326.83	299.61
10	Other Industrial Materials (20)	1485.19	+0.8	5.95	3.37	20.08	3.29	1473.18	1454.63	1462.35	1323.40
21	CONSUMER GROUP (187)	1198.43	+1.1	6.12	2.69	21.04	3.03	1185.81	1172.55	1182.63	945.19
22	Brewers and Distillers (22)	1097.29	+1.0	7.79	3.16	16.11	3.55	1086.48	1079.60	1087.64	948.78
25	Food Manufacturing (25)	896.08	+1.7	7.44	3.36	17.66	14.43	881.03	871.63	880.07	676.83
26	Food Retailing (16)	2201.37	+1.3	5.73	2.52	24.23	10.13	2173.36	2167.16	2174.31	1934.13
27	Health and Household Products (10)	2368.63	—	3.99	1.60	29.06	0.28	2379.83	2334.26	2361.92	1589.62
29	Leisure (32)	1269.21	+2.1	5.99	3.32	22.84	8.62	1243.54	1223.72	1215.30	968.46
31	Packaging & Paper (14)	607.25	+2.3	5.84	2.79	22.22	2.03	593.68	587.14	594.88	466.42
32	Publishing & Printing (14)	3613.71	—	5.42	3.19	22.89	5.18	3614.49	3564.88	3635.36	2375.43
34	Stores (37)	1015.73	+1.4	6.38	2.68	21.29	3.46	1001.39	991.57	1007.61	858.57
35	Textiles (17)	700.41	+0.6	7.42	2.89	15.50	0.44	696.13	684.31	681.98	558.73
40	OTHER GROUPS (87)	987.86	+0.8	7.96	3.42	15.59	4.17	979.62	968.23	972.22	849.75
41	Agencies (17)	1399.31	+0.1	4.43	1.77	30.50	6.40	1398.26	1385.35	1398.73	0.0
42	Chemicals (21)	1256.11	+1.1	7.86	3.56	15.57	16.19	1222.71	1198.25	1191.58	917.63
43	Conglomerates (12)	1278.47	+0.7	6.85	3.45	17.27	2.13	1267.69	1267.69	1283.10	0.0
45	Shipping and Transport (11)	1970.13	—	6.81	4.08	17.78	2.98	1969.95	1952.13	1961.32	1645.85
47	Telephone Networks (2)	1018.75	+0.6	9.25	3.81	14.74	1.09	1006.94	991.26	996.30	1037.82
48	Miscellaneous (24)	1359.32	+1.8	8.33	4.12	12.62	3.29	1335.77	1322.72	1328.38	1034.46
49	INDUSTRIAL GROUP (482)	1069.04	+0.9	6.91	2.97	18.33	3.35	1059.73	1047.79	1054.61	874.33
51	Oil & Gas (18)	1850.50	+0.7	9.16	4.82	13.79	35.18	1837.56	1790.72	1804.20	1163.45
59	500 SHARE INDEX (500)	1139.49	+0.7	7.24	3.24	17.50	4.24	1125.43	1114.66	1117.84	901.13
61	FINANCIAL GROUP (117)	692.18	+0.7	—	4.23	—	5.94	687.57	682.27	686.45	606.13
62	Banks (8)	731.84	+0.2	18.08	5.22	7.60	12.84	730.18	727.18	732.21	689.17
65	Insurance (Life) (9)	1002.89	+0.8	—	3.99	—	0.66	995.28	981.11	994.82	879.02
66	Insurance (Composite) (7)	537.52	+0.4	—	4.42	—	5.06	535.42	531.81	541.18	491.34
67	Insurance (Brokers) (9)	1172.40	+0.3	8.99	4.52	14.38	13.35	1168.89	1156.29	1165.96	1231.74
68	Merchant Banks (11)	384.89	+2.7	—	3.27	—	0.71	374.87	370.49	365.18	350.58
69	Property (47)	924.91	+1.5	5.19	3.19	25.08	1.64	911.68	903.21	901.59	744.50
70	Other Financial (26)	457.00	—	7.15	3.35	17.88	2.35	457.06	455.13	454.59	352.51
71	Investment Trusts (96)	984.88	+0.4	—	2.40	—	4.64	981.02	975.70	979.76	753.95
81	Mining Finance (2)	385.70	+0.6	7.94	4.26	14.80	1.89	383.32	380.44	381.43	308.94
91	Overseas Traders (12)	894.62	−0.1	9.09	5.00	13.33	10.30	895.92	901.15	904.45	686.43
99	ALL-SHARE INDEX (727)	1014.73	+0.8	—	3.37	—	5.97	1006.69	994.65	1001.02	818.22

	Index No.	Day's Change	Day's High	Day's Low	March 20	March 19	March 18	March 17	March 16	Year ago
FT-SE 100 SHARE INDEX ♣	2033.0	+15.5	2033.2	2008.6	2017.5	1991.0	2006.6	2006.3	1991.8	1684.0

FIXED INTEREST

	PRICE INDICES	Mon March 23	Day's change %	Fri March 20	xd adj. today	xd adj. 1987 to date
	British Government					
1	5 years	124.65	−0.04	124.70	—	2.77
2	5-15 years	146.71	+0.02	147.01	0.33	3.02
3	Over 15 years	156.12	−0.31	156.61	—	3.45
4	Irredeemables	172.06	−0.49	172.92	—	1.62
5	All stocks	142.07	−0.06	142.32	0.16	3.02
	Index-Linked					
6	5 years	119.50	−0.13	119.66	—	0.83
7	Over 5 years	122.25	−0.12	122.40	—	0.88
8	All stocks	121.81	−0.12	121.96	—	0.86
9	Debentures & Loans	127.35	+0.90	126.79	0.59	2.15
10	Preference	87.30	+0.67	87.60	0.89	1.56

	AVERAGE GROSS REDEMPTION YIELDS		Mon March 23	Fri March 20	Year ago (approx.)
	British Government				
1	Low	5 years	7.97	7.97	8.21
2	Coupons	15 years	8.66	8.64	8.50
3		25 years	8.67	8.64	8.58
4	Medium	5 years	8.62	8.62	9.20
5	Coupons	15 years	8.85	8.83	8.86
6		25 years	8.87	8.84	8.84
7	High	5 years	8.79	8.78	9.18
8	Coupons	15 years	8.98	8.97	9.02
9		25 years	8.86	8.82	8.92
10	Irredeemables †		8.76	8.71	8.65
	Index-Linked				
11	Inflat'n rate 5%	5 yrs.	2.52	2.42	4.07
12	Inflat'n rate 5%	Over 5 yrs.	3.33	3.32	3.74
13	Inflat'n rate 10%	5 yrs.	0.97	0.87	2.98
14	Inflat'n rate 10%	Over 5 yrs.	3.19	3.18	3.58
15	Debs &	5 years	9.50	9.53	10.09
16	Loans	15 years	9.79	9.87	10.02
17		25 years	9.84	9.92	9.94
18	Preference †		10.69	10.73	11.48

♣Opening index 2011.6; 10 am 2009.7; 11 am 2017.4; Noon 2023.8; 1 pm 2027.0; 2 pm 2025.6; 3 pm 2024.5; 3.30 pm 2026.5; 4 pm 2029.2

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday Issues. A new list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p.

LONDON TRADED OPTIONS

Option		Calls Apr.	Calls Jly.	Calls Oct.	Puts Apr.	Puts July	Puts Oct.
Allied Lyons (*399)	330	75	82	92	1	2	5
	360	45	57	70	2	10	15
	390	17	37	48	10	22	25
	420	7	18	30	27	30	35
Brit. Airways	100	26	29	34	1	2	4
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls May	Calls Aug.	Calls Nov.	Puts May	Puts Aug.	Puts Nov.
Guinness (*329)	280	57	70	80	3	10	12
	300	47	59	68	11	17	23
	330	27	40	48	22	28	35
	360	11½	23	—	45	48	—
Ladbroke	360	97	102	—	2	2	—
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1986/87 High	1986/87 Low	Stock	Closing Price	+ or −	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
§150	F.P.	—	180	160	Admiral Comp'ting 5p	179	—	u2.13	3.6	1.7	23.4
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid	Latest Renunc. Date	1986/87 High	1986/87 Low	Stock	Closing Price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1986/87 High	1986/87 Low	Stock	Closing Price p	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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WORLD STOCK MARKETS

AUSTRIA

Mar. 23	Price Sch.	+ or −
Credi'nst'lt pp	2,000	
Goesser	5,020	−15
Interunfall	13,000	
Jungbunzlauer	8,530	+80
Laenderbank	1,930	+5
Perlmooser	690	−5
Steyr Daimler	141	+1
Veitscher Mag	908	+3

BELGIUM/LUXEMBOURG

Mar. 23	Price Frs.	+ or −
B.B.L.	5,170	−30
Banq.Gen. Lux	15,400	−250
Banq.Int.A.Lux	14,800	
Bekaert	11,975	−225
Ciment CBR	5,000	−220
Cockerill	157	+3
Delhaize	3,340	+130
EBES	5,400	−10
Fabrique Nat	1,750	−10
GB Inno BM	1,144	−10
GBL (Brux)	3,820	+25
Generale Bank	6,700	+50
Gevaert	6,550	−150
Hoboken	7,070	+90
Intercom	4,400	
Kredietbank	4,545	+15
Pan Holding	11,200	−50
Petrofina	10,370	+20
Royale Belge	24,626	−5
Soc.Gen. Belge	3,565	+30
Sofina	14,660	+175
Solvay	10,800	−50
Stanwick Int.	400	
Tractebel	6,900	−90
UCB	10,050	+50
Wagons Lits	5,900	

DENMARK

Mar. 23	Price Kor %	+ or −
Baltica Skand	850	−15
Cop Handels'nk.	256	+6
D. Sukkerfab.	330	
Danske Bank	338	+3
East Asiatic	175	−5
Forenede Brygg.	850	−10
GNT Hld	275	−15
I.S.S.S.	800	+5
Jyske Bank	488	+14
Novo Inds*	284	−3
Privatbanken	283	+2
Sophus Berend	810	
Superfos	185	+10

FINLAND

Mar. 23	Price Mka	+ or −
Amer	225	
KOP	51.95	−0.30
Kone	212.5	+3.0
Finnish Sugar	105.5	−0.5
Nokia	172.5	
Pohjola 'B'	86.25	−0.55
Rauma-Repola	23.95	−0.20
Stockmann 'B'	205	−4
UBF 'C'	35.10	−0.15
Wartsila (811)	211.5	+2.0

NETHERLANDS

Mar. 23	Price Fls	+ or −
ACF Holdings	61	−1
AEGON	85.7	−0.9
Ahold	112.9	+1.1
AKZO	144.4	+1.1
ABN	515	+11.5
AMEV	65.1	−0.7
AMRO	80.3	+1.5
Bredero Cert	66	−1
Buehrmann Tet.	49.7	
Dordtsche Pet'm	227.5	+5.8
Elsevier-NDU	264.5	+3.5
Fokker	48.5	+1.2
Gist Brocades	43.8	−0.2
Heineken	176.5	+2.0
Hoogovens	35.5	−0.8
Hunter Doug NV	54.9	
IHC/Caland	19	
Int. Mueller	63.3	+1.5
KLM	42.4	−0.1
KNP	144.5	−2.0
Nat Ned Cert	73.0	−0.3
Ned Mid Bank	189	+1
Nedlloyd	174	+2.2
Oce Grinten	400	+5
Ommeren (Van)	35.4	+0.1
Pakhoed	65	+1
Philips	49.2	+0.3
Robeco	101.5	+0.2
Rodamco	142.4	
Rolinco	90.6	+0.4
Rorento	51	
Royal Dutch	247.7	+6.5
Unilever	570	+15
VMF Stork	24.3	+0.2
VNU	219	
Wessanen	80.5	−0.2
Wolters Samson	114.2	−0.8

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Kroner.

GERMANY

Mar. 23	Price Dm.	+ or −
AEG	302	+8
Allianz Vers	1,583	+58
BASF	253.8	+6.8
Bayer	290	+5
Bayer-Hypo	414	+14
Bayer-Verein	419	+5
BHF Bank	417	+18
BMW	471	+9
Brown Boveri	295.5	+4.5
Commerzbank	262.5	+8
Cont'l Gummi	305.7	+0.7
Daimler-Benz	905	+14
Degussa	440	+9
D'sche Babcock	221	+1
Deutsche Bank	630	+25
Dresdner Bank	323.5	+14.2
Feld-Muehle Nbl	274	+3
Henkel	461.5	+9.5
Hochtief	733	+23
Hoechst	254.2	+4.2
Hoesch Werke	102	+1.5
Holzmann (P)	410	−1
Horten	199	+1.6
Hussel	539	+19
Karstadt	403	+7
Kaufhof	416.5	+7.5
KHD	146.2	+3.1
Kloeckner	59	
Linde	591	+5
Lufthansa	170	+0.5
MAN	160.5	+3.5
Mannesmann	163	+4
Mercedes Hld	768	+14
Metallgesell	255	+5
Muench Rueck	1,630	−20
Nixdorf	710.5	+2.5
Porsche	830	
Preussag	146	
Rhein West Elect	214.0	+2.2
Rosenthal	278	−5
Schering	552.5	+0.5
Siemens	637.5	+12.5
Thyssen	124.5	+2.5
Varta	327	+2
Veba	252.3	−2.2
V.E.W.	159	+4
Verein-West	411	+1
Volkswagen	334.5	+4

ITALY

Mar. 23	Price Lira	+ or −
Banca Com'le	23,810	
Bastogi-IRBS	672	
C.I.R.	6,300	
Credito Italiano	2,390xa	+45
Fiat	13,090	+290
General Assicur	137,080	+3300
Italcementi	82,000	+2500
La Rinascente	1,198	+17
Montedison	2,850	+35
Olivetti	15,190	−10
Pirelli Co	7,210	+60
Pirelli Spa	5,350	+10
Saipem	4,300	−240
Snia BPD	4,850	+100
Toro Assic	30,990	+490

FRANCE

Mar. 23	Price Frs.	+ or −
Emprunt 4½% 1975	1,525	
Emprunt 7% 1973	7,852	+462
Accor	565	+12
Air Liquide	740	+20
BIC	840	−7
Bongrain	2,750	+40
Bouygues	1,330	+41
BSN Gervais	5,120	+100
CIT Alcatel	2,970	+60
Carrefour	3,892	−32
Club Mediter'n	690	+5
Cie Bancaire	1,051	−7
Cofimeg	390	+2.7
Damart	2,620	−20
Darty	527	−9
Dumez S.A.	2,345	+86
Eaux (Cie Gen)	1,502	+10
Elf Aquitaine	344	+2
Essilor	3,505	−45
Gen.Occidentale	1,255	+4
Imetal	118	+3
Lafarge Coppee	1,545	+35
L'Oreal	4,370	+70
Legrand	5,550	+10
Maisons Phoenix	143.5	+3.5
Matra S.A.	2,580	−1
Michelin B	3,350	−10
Midi (Cie)	1,575	+21
Moet-Hennessy	2,540	+52
Moulinex	117	+2
Nord Est	210	−7
Pernod Ricard	1,084	+15
Perrier	810	+10
Petroles Fra	460.5	+2.5
Peugeot S.A.	1,465	+10
Printemps (Au)	759	+2
Radio Tech	1,543	+43
Redoute	2,920	−35
Roussel-Uclaf	1,905	+15
Safimag	467	+2
Skis Rossignol	1,350	−14
Telemec Elect	3,640	+20
Thomson (CSF)	1,701	−9
Valeo	575	+5

NORWAY

Mar. 23	Price Kroner	+ or −
Bergens Bank	170.5	+0.5
Borgesen B.	375	−5
Christiania Bank	198	
DenNorske Cred.	168	
Elkem	98	+2.5
Kosmos	148	+2
Kvaerner	189	−1
Norcem	139.5	+5.5
Norsk Data	252.5	−1.5
Norsk Hydro	174	
Orkla-Borregaard	431	−5
Storebrand	332.5	+12.5

SPAIN

Mar. 23	Price Pts %	+ or −
Bco Bilbao	1,550	
Bco Central	1,055	−5
Bco Exterior	470	−20
Bco Hispano	615	+21
Bco Popular	1,520	−45
Bco Santander	1,149	
Bco Vizcaya	1,730	−20
Banesto	790	
Dragados	330	−18
Hidrola	70	−1.2
Iberduero	112.5	−5.0
Petroleos	461.7	−20.3
Telefonica	188	

SWEDEN

Mar. 23	Price Kronor	+ or −
AGA	185	
Alfa-Laval B	299	+2
ASEA (Free)	340	
Astra (Free)	650	
Atlas Copco	171	
Beijer A B	180	
Cardo (Free)	180	
Cellulosa	313	+2
Electrolux B	300	−4
Ericsson B	267	+4
Esselte	150	+2
Mo och Domsjo	300	−4
Pharmacia	205	+4
Saab Scania Free	785	
Sandvik	163	−2
Skandia	182	−2
Skan Enskilda	131	
SKF	361	+1
Stora Kopparbrg	333	+3
Sven. Handelsbk	440	
Swedish Match	448	
Volvo B (Free)	316	+1

SWITZERLAND

Mar. 23	Price Frs.	+ or −
Adia Intl	10,450	−2
Alusuisse	440	+30
Bank Leu	3,250	
Brown Boveri	1,730	+10
Ciba Geigy	3,290	−55
do. (Part Certs)	2,290	−10
Credit Suisse	3,040	+15
Elektrowatt	3,500	
Fischer (Geo)	1,590	+10
Hoff-Roche PtCts	137,880	
Hoff-Roche 1/10	13,875	−50
Jacobs Suchard	8,275	−75
Jelmoli	3,450	−50
Landis & Gyr	1,620	
Nestle	9,025	−25
Oer.Buehrle	1,200	+40
Pargesa Hldgs	2,050	−25
Pirelli	435	
Sandoz (Br)	11,000	+100
Sandoz (Pt Cts)	1,740	−10
Schindler (PtCts)	710	−5
Sika	1,700	−40
Surveillance A	8,500	−25
Swissair	1,150	−20
Swiss Bank	449	−1
Swiss Reinsce	16,000	−100
Swiss Volksbk	2,100	
Union Bank	4,975	+60
Winterthur Inh	5,800	−100
Zurich Ins	6,850	−150

AUSTRALIA

Mar. 23	Price Aust. $	+ or −
ACI Intl	3.9	
Adelaide Steams	12.3	−0.2
Amcor	4.7	
ANZ Group	5.34	+0.04
Ampol Pet	5.05	−0.15
Ariadne	3.28	
Ashton	3.95	+0.15
Aust. Guarantee	3.3	
Aust. Nat. Inds	5.25	−0.05
Bell Group	10.30	+0.05
Bell Res	6.08	+0.04
Bond Corp Hldgs	2.75	−0.02
Boral	4.80	−0.05
Bougainville	3.00	−0.10
Brambles Inds	6.8	+0.1
Bridge Oil	1.42	+0.12
BHP	10.6	−0.4
Burns Philp	10.9	−0.1
CRA	6.68	−0.14
CSR	3.93	−0.02
Chase Corp	4.70	
Claremont Pet	0.92	+0.01
Coles Myer	6.54	−0.02
Comalco 'A'	2.65	
Consolidated Pet	0.27	
Costain Aust	5.2	
Elders IXL	6.18	+0.12
Energy Res	1.78	−0.02

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Continued from Page 45

CANADA

TORONTO
Closing prices March 23

MONTREAL
Closing prices March 23

Indices

NYSE COMPOSITE CLOSING PRICES

Continued from Page 45

LONDON
Chief price changes
(in pence unless otherwise indicated)

RISES:

All-Lyons	399	+ 9
Ault & Wiborg	161	+ 18
Brit Car Aucs	236	+ 11
BP	863	+ 28
Central TV	649	+ 58
Crown TV Prods	76	+ 8
Devenish (J.A.)	222	+ 9
Forward Techn.	94	+ 10
Helical Bar	825	+150
Jerome (S.)	207	+ 28
Kwik-Fit	163	+ 11
Laird Group	328	+ 17
L Howard-Sp	450	+ 22
Mercury Intl.	400	+ 32
Morgan Grenf	418	+ 28
New Engl. Prop.	79	+ 8
Olives Paper	91	+ 15
Pacific Sales	185	+ 38
Palma Group	85	+ 15½
Pentland Inds.	680	+ 29½
Redf Nat. Glass	516	+ 43
Scott Greenham	249	+ 54
Scottish TV	506	+ 41
Sun Alliance	792	+ 19
Turn & Newall	249	+ 19
T Tees TV 'A'	531	+ 48
Wickes	341	+ 65½
Yorkshire TV	375	+ 57

FALLS:

Armstr Equip	154	− 16½
Wellcome	487	− 10

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
33	20¾	AAR s	.50	1.6	23	261	31¾	31	31½	+¼
37	21⅞	ADT	.92	2.6	20	792	35	34	35	−⅜
41½	23⅝	AFG	.12e	.3	11	2313	37⅛	36⅝	37	+⅜
40¼	16¾	AGS			22	224	37⅝	36¾	37⅝	+⅝
14⅞	6¾	AMCA				14	8½	8⅜	8½	+⅛
9⅝	4⅞	AM Intl				711	6¾	6⅝	6¾	+⅛
62⅞	47¼	AMR			12	3850	56⅛	55⅝	55½	−¾
27½	25	ANR pf	2.67	10.		18	26⅛	26⅛	26⅛	+⅛
24¾	20⅞	ANR pf	2.12	8.7		2	24⅜	24⅜	24⅜	−⅛
12⅞	8	ARX s			13	112	11¼	11	11	−⅜
56⅝	28¾	ASA	2a	3.7		3289	u56½	53⅞	54¼	+2¼
17⅛	9¾	AVX		1.9		242	17	16¾	16⅞	
32¾	26½	AZP	2.72	8.4	11	1549	32½	31⅞	32⅜	+⅜
64	39⅜	AbtLb s	1	1.5	29	5742	u66⅝	63¾	66⅛	+2¼
34	25	AccoWd	.62	2.0	20	127	31¼	31	31	−½
14⅛	9	AcmeC	.40	3.1	24	109	13	12¾	12⅞	
8⅝	6⅞	AcmeE	.32b	4.1	27	6	7¾	7¾	7¾	−⅛
23⅞	18¼	AdaEx	3.42e	15.		180	23	22½	22¾	+⅛
19½	11⅝	AdmM s	.24	1.3	15	53	19⅜	19⅛	19⅛	−⅜
21½	12⅛	AdvSys	.62t	3.0	16	190	21¼	20⅞	21	
31½	12⅞	AMD				5142	21⅜	20⅞	21¼	
10⅛	5¼	Adobe				579	10	9¾	9¾	−⅛
20½	13¾	Adob pf	1.84	9.1		25	20⅛	20	20⅛	+⅛
21⅞	16⅝	Adob pf	2.40	11.		11	21⅛	21⅛	21⅛	
18⅝	11½	Advest	.12e	.9	11	452	13¾	13¼	13⅜	−¼
68¼	53	AetnLf	2.76	4.1	11	6048	67½	66⅝	67½	+½
54	51⅛	AetL pf	2.61e	5.4		20	51⅞	51¾	51⅞	+⅛
50¾	21⅞	AfilPb s	.32	.7	28	398	48¾	47¼	48⅜	+⅞

Continued on Page 45

NYSE COMPOSITE CLOSING PRICES

Continued from Page 44

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
39½	32⅞	NiaMpf3.60		9.5		z70	38	38	38	
61	48⅛	NiaMpf5.25		9.1		z100	57⅞	57⅞	57⅞	−⅛
26¼	24⅞	NiaM pf				5	u27	26½	27	+1¼
15⅞	14⅛	NiagSh3.21e		20.		256	16⅛	16⅛	16⅛	
24	12¼	Nicolet			12	96	23⅛	22⅞	22⅞	−⅛
33½	25⅝	NICOR 1.80		5.5	8	419	32¾	32⅝	32⅝	−⅛
17	9⅞	NoblAf .12		.7		314	16¾	16¼	16¼	−⅛
18⅞	7¼	NordR s			19	377	18⅝	17⅞	18⅛	+1
99¼	73⅝	NorkSo3.60		3.7	12	851	97⅞	96½	97¼	−⅝
33	24⅝	NfkSo wi				51	32⅞	32⅞	32⅞	−¼
26⅛	18⅞	Norsk n.65e		2.5		1739	25¾	25¼	25⅝	+½
36¼	25⅛	Norstr 1.40		4.1	12	521	34	33	33⅞	
19⅝	11½	Nortek s .10		.6	7	955	17⅛	16⅝	17	+⅛
46	35⅛	NAPhil 1		2.4	17	1430	41⅞	40⅞	41⅞	+¼
26¼	15⅛	NEurO 2.37e		9.4	10	89	25½	25	25⅛	−⅛
28¼	17¾	NoestUt1.76		6.8	9	1412	26¼	25⅝	25¾	
13½	10⅝	NiodPS				1385	12¼	11⅞	12¼	+⅛
40⅛	29½	NoStP s1.90		5.4	11	969	35	34⅝	35	+⅜
49	38½	NSPw pf3.60		7.6		z100	47½	47½	47½	+1½
60	46	NSP pf 4.16		7.2		z1560	58⅛	58⅛	58⅛	+¾
44½	26¼	NorTel .40		.9		1397	44¼	44	44⅛	−⅛
6¼	3	Nthgat g				322	6⅞	6⅛	6⅞	+⅛
59⅞	36⅞	Nortrp 1.20		2.4	58	2822	50⅝	49¾	50	+⅛
19¼	13¼	NwStW.10e		.6	16	102	17	16⅞	17	
50	35	Norton 2		4.3		2607	46½	45¼	46¼	+⅜
42⅜	33⅞	Norwst1.80		4.4	11	289	41⅛	40¼	40⅝	−⅛
42⅜	28½	Novo .34e		.8	14	487	41¾	41½	41⅝	
46⅝	27⅝	Nucor s .36		1.0	17	313	36⅛			

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
52¼	25¼	Viacm s .28		.5		1815	51⅞	51⅜	51⅜	−⅝
101⅝	83½	VaEP pf7.72		7.7		z240	100	99⅝	100	+⅝
107½	100½	VaEl pf 8.60		8.3		z60	104	104	104	
101⅝	80½	VaE pfJ7.72		7.8		z30	99¼	99¼	99¼	−⅝
97⅝	79	VaEP pf7.20		7.5		z4700	96¾	96¼	96¼	−½
99½	82½	VaEP pf7.45		7.7		z220	98	97	97	−1½
27	17	Vishay 1.52t		5.9	17	57	26	25½	25¾	−⅛
32⅛	17	VistaC n			14	154	30¾	30	30¼	−⅞
99½	67½	Vornad			24	5	96	95	96	+½
144	100½	VulcM 3.40		2.4	17	22	139½	138⅛	139½	+½
		W W W								
46	31¾	WICOR2.60		6.5	13	41	40¼	39½	40¼	+½
12¼	4⅝	WMS				206	7	6⅝	6⅝	−⅛
40	17½	Wackht .60		2.8	35	49	22¼	21⅝	21¾	+⅛
8⅞	4	Wainoc				858	7⅛	6⅞	7	
59⅝	36	WalMrt .24		.4	38	4606	u59⅞	58⅝	59⅝	+1⅜
39½	25¾	Walgrn .54		1.5	23	1372	37¼	36⅞	37	−¼
50⅛	37	WalCSv .60		1.3	19	148	47¼	45⅛	47⅛	+1⅞
61⅛	39½	WaltJmt.40		2.3	12	692	u61¼	59½	59⅞	−⅞

Continued on Page 43

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls – sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-divident or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

OVER-THE-COUNTER

Nasdaq national market, closing prices

Continued on Page 43

FINANCIAL TIMES

WORLD STOCK MARKETS

AMERICA

Foreign interest in big capitals sustains high

WALL STREET

HEAVY buying, particularly by foreign investors of large capitalisation stocks, pushed share prices to record levels on a narrow front yesterday, *writes Roderick Oram in New York.*

Credit markets continued in their quiet and cautious rut with bond prices slipping as the dollar weakened and oil prices firmed.

The Dow Jones industrial average closed up 30.26 points at 2,363.78, its fifth straight record setting session, despite a wave of profit taking in mid afternoon which knocked the gain down to only seven points before recovering.

Although broader market indices also set records, their advances were not as strong as the Dow's. The Standard and Poor's 500 index rose 2.99 to 301.16 and the New York and American stock exchange composite indices added 1.46 to 170.83 and 1.13 to 338.93 respectively.

NYSE volume was heavy at 190m shares with advancing issues out pacing those declining by a margin of four-to-three.

Investors were relieved to have put behind them the uncertainties created last week by the expiration of futures and options contracts at Triple Witching Hour and fears of a correction at the 2, 300 level on the Dow.

Oil stocks were strong on indications that Opec's production discipline was holding which in turn firmed up crude oil prices. Exxon added $2½ to $88¼, Chevron rose $1⅛ to $58⅞, Amoco gained $2⅛ to $83⅞, Atlantic Richfield advanced $⅜ to $78⅜ and Standard Oil put on $2¼ to $66½.

Many semiconductor issues enjoyed brisk investor demand. Japanese authorities, seeking ways to repair the US-Japanese bi-lateral semiconductor trade pact, have asked Japanese manufacturers to curb their exports. Texas Instruments jumped $4½ to $180, Motorola gained $⅝ to $56⅞, National Semiconductor added $⅛ to $16¼ although Advanced Micro Devices was unchanged at $21¼ and Intel slipped $⅝ to $39¼.

On the takeover front, American Motors, the object of an offer from Chrysler, was unchanged at $4½ after its auditors qualified its 1986 accounts because of uncertainty surrounding the sale of a subsidiary, AM General.

Harper Row, the book publisher, jumped $4½ to $54½. It said it had received a "considerable number" of approaches from domestic and foreign companies interested in making takeover or restructuring offers. Harcourt Brace Jovanovich, down $⅛ to $37¾, said it would not increase its $52 a share bid.

GenCorp was unchanged at $109⅞. It filed suit to try to block a takeover offer from a group of investors including Wagner & Brown and AFG Industries.

Cyclops, the specialty steel and electrical goods retailer, rose $⅝ to $91⅞. Audio/Video Affiliates, unchanged at $7¼, launched an improved offer of $92½ a share after Dixon's, a UK retailer, was forced by regulatory authorities to reopen its $90¼ offer after claiming victory.

ChemLawn gained $⅜ to $36⅞. It agreed to be taken over for $36½ a share by Ecolab, down $2⅜ to $28¼, thereby thwarting a hostile offer from Waste Management which rose $1 to $79⅞.

Supermarkets General added $1⅞ to $43⅞ after reporting a modest increase in fourth quarter and full year profits at the same time Dart Group stepped up pressure in its campaign to take over the east coast food and drug retailer at $43¾ a share.

Wickes gained $⅛ to $4 on the American Stock Exchange. The building supply and industrial group sold off its 85 per cent stake in its UK operations for $155m.

Credit markets were quiet and cautious as the dollar weakened slightly and investors and dealers prepared for the $25bn Treasury mini-refunding which begins today with the auction of $10bn of two-year notes.

The price of the 7.50 per cent benchmark Treasury long bond fell ⅜ of a point to 99[11/32] at which it yielded 7.55 per cent. Shorter maturities showed similar modest losses.

Sharp upward revisions to December's factory goods orders, announced yesterday, had negligible impact on the markets because of heavy offsetting revisions to November's figures. February's durable goods orders, due for release this morning, are expected to show a strong rebound of around 4 per cent from January's depressed levels.

CANADA

GOLDS and base metal miners supported a firmer Toronto as energy and utility issues dropped.

Moore Corp featured in active trading that took it C$⅝ higher to C$34¼, while Turbo Resources retreated 10 cents to C$1.

Among energy issues, Nova shed C$⅛ to C$9 Gulf Canada held steady at C$29¼ and Dome Petroleum lost 3 cents to C$1.10.

Noranda traded C$⅛ higher to C$31⅞ and Franco Nevada at C$8 was C$⅜ ahead.

In Montreal, industrials advanced, offsetting softer banks and utilities.

Yoko Shibata witnesses the debut of the latest Tokyo market star

Toa soars on maiden flight

TOA DOMESTIC Airlines (TDA) of Japan made its debut on the over-the-counter stock market in Tokyo yesterday, and its share price soared to Y30,000 ($197) compared with an issue level of Y7,280.

Investor interest in Japan's third biggest airline was so strong that TDA shares were quoted only after the company released an additional 10,000 shares into the market, brokers said. TDA originally offered 300,000 shares out of a total of 19.05m outstanding.

Expectations of favourable effects on TDA's business of the airline industry deregulation, coupled with the limited number of shares made available through the offering, led to a welter of buy orders on the market.

Mr Toshihiko Kubota, TDA president, said later that TDA wants its shares listed as early as possible on the Tokyo stock exchange's first section, which he saw as a prerequisite for a company to be regarded as a full-fledged entity. He said TDA is considering a name change as it is entering international services.

TDA expects to report pre-tax profits of Y3.5bn and net profits of 1.1bn for the year which ends this month, on sales of Y151.9bn. For the next year, TDA is aiming for just over Y3.3bn in pre-tax profits and Y1.3bn in net earnings on sales of some Y160bn, according to Mr Kubota. He did not specify when the company would make a dividend payment.

EUROPE

Paris and Brussels climb into record territory

STRONG FOREIGN interest and the recent surge on Wall Street gave European bourses a fillip yesterday, lifting French and Belgian shares to new highs and rescuing West Germany from its doldrums.

Paris derived its strength from New York's performance on Friday and from local expectations of a further rise in prices in the new bourse trading month starting today.

The CAC General index continued to rise steadily, moving up 4.2 from Friday to reach a record 448.7. The previous peak of 444.7 was reached on March 5.

Eager foreign buying, especially by the Japanese, boosted construction and food stocks in particular, while the bourse appeared to take little notice of January's fall in industrial production and confirmation of a downward revision in the 1987 GDP forecast.

News that the European Disneyland project is to go ahead at Marne-la-Vallée outside Paris was another factor helping construction issues, and builder Screg jumped FFr 56, or 8 per cent, to FFr 750, a year's high.

Bouygues added FFr 41 to FFr 1,330 and Lafarge Coppée put on FFr 33 to FFr 1,545.

In the food and drink sector, BSN Gervais rose FFr 100 to FFr 5,120 and champagne-to-rose bush group Moët-Hennessy gained FFr 52 to FFr 2,540.

Against the trend, Demart fell back FFr 80 to FFr 2,620, while Matra was off FFr 1 at FFr 2,580 and Thomson CSF shed FFr 9 to FFr 1,701.

Brussels saw fresh demand from the new pension savings funds, which lifted blue chips despite the end of the trading fortnight when profit-taking is the norm. The Brussels Stock Exchange index gained 9.37 to 4,536.22, another record.

Market leader Petrofina edged up BFr 20 to BFr 10,370 and holding group GBL put on BFr 25 to BFr 3,820 in active trading but there was a fair amount of second-line profit-taking.

Interest continued to centre on insurers Royale Belge, down BFr 50 to BFr 6,260, and AG, up BFr 290 to BFr 6,600, which last week announced plans to collaborate.

The small cut in treasury certificate interest rates failed to have much impact on the market.

Frankfurt finally found buying enthusiasm as banks led share prices generally higher on hopes of good annual results. Overseas interest encouraged domestic institutions to come in on the buying side in moderate activity and the Commerzbank index gained 28.5 to 1,673.0.

Banks were particularly favoured following Bayernverein's announcement that it was raising its pay-out on higher 1986 profits. The bank added DM 5.00 to DM 419.

Elsewhere in the sector, Deutsche Bank made a strong DM 25 gain to DM 630, Dresdner rose DM 14.2 to DM 323.20 on reports of a scrip issue and Commerzbank was up DM 8 at DM 282.50.

Cars were also firmer, with BMW adding DM 9 to DM 471 and Daimler DM 14 to DM 906. VW put on DM 4 to DM 334.50, casting its troubles aside: chairman Carl Hahn told workers that the currency losses were a setback but that the company was equal to the challenge.

Porsche was steady at DM 830.

Yesterday saw the start of the Government's flotation of 10.1m shares in utility Veba. The share price fell back DM 1.20 to DM 252.30, holding above the sale price.

Bonds rose strongly in foreign buying on the weak dollar, with long-dated issues gaining up to 40 basis points. The Bundesbank sold DM 131m worth of paper after buying DM 99m on Friday.

Amsterdam closed slightly higher, mainly on overseas demand for the international sector, which was also boosted by Wall Street's firm opening. Trading was fairly quiet, however, as domestic investors remained cautious about the dollar's trend and US economic fundamentals.

Among internationals, Royal Dutch and Unilever found especially strong demand, in particular from Japanese investors. The former rose Fl 6.50 to Fl 247.70 and the latter put on Fl 15 to Fl 570.

Zurich found foreign investors hesitant over recent bank results and the direction of interest rates. But Wall Street's Friday advance gave a firmer bias to the mixed close.

Nestlé, which is paying an unchanged dividend on its 2.2 per cent increase in earnings, saw its bearer share ease SFr 25 to SFr 9,025 but is registered share add SFr 115 to SFr 4,650.

Milan ended well up on the day despite some late profit-taking, with the boost coming from overseas buying and good corporate results.

There were strong gains for insurers, including Generali, up L2,300 to L137,000, and Toro, L490 ahead at L30,990.

Stockholm was little changed in quiet trading while Oslo rose in an active session following a weekend opinion poll that showed support was growing for the minority Labour Government.

Madrid declined across the board in busy trading.

LONDON PEAK

THE PROSPECTS of another cut in bank base rates signposted the way to a new peak in London despite uncertainty over the government's election prospects. The FT-SE 100 index rallied 15.5 points higher to a record 2,033.0 and the FT Ordinary moved within 2 points of its high with a gain of 12.6 to 1,611.5.

Oils fuelled the advance and the dramatic early gains on Wall Street encouraged late sentiment. The firmer pound failed to hold leading exporters in check.

Gilts eased slightly in what some dealers described as a technical adjustment to last week's gains. Details, Page 42

ASIA

Aids and high-tech issues lead retreat

TOKYO

LATE selling of Aids-related and high-tech stocks forced equity prices lower in Tokyo yesterday after a strong start, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei average ended 69.42 down from last Friday at 21,588.25 after surging an early 208 to a record. Turnover swelled from last Friday's 1.52bn to 1.77bn shares. Declines outnumbered advances by 480 to 408, with 132 issues unchanged.

Despite the absence of fresh factors, the market started on a strong note bolstered by institutional buying of large-capital stocks and issues in the super-conductor sector.

Brokers said the robust performance of large-capitals reflected forecasts by the four main securities firms that Nippon Steel and other similar stocks would lead the market in the near future.

Nippon Steel was the day's busiest stock, with 357.05m shares traded, climbing Y20 to Y364. Sumitomo Metal Industries, second busiest with 114.34m shares, firmed Y2 to Y270. Kawasaki Steel, with 92.93m shares added Y3 to Y260 and Nisshin Steel, with 63.25m, Y18 to Y309.

Super-conductor related issues were among the best performers, with Fuji Electronic, on 63.11m shares, gaining Y24 to Y819. At one stage it soared Y55.

Non-ferrous metals also spurted: Mitsubishi Metal put on Y30 to Y745, Mitsui Mining and Smelting Y65 to Y487.

Electric wires held steady, with Furukawa Electric strengthening Y35 to Y689 and Showa Electric Wire and Cable Y29 to Y572.

Stocks related to Aids were sought in early trading after news that the US Food and Drug Administration had approved the prescription use of azidothymidine, better known as AZT, which has prolonged the life and reduced symptoms of some Aids patients.

But these issues later plunged on a broad front due to dumping triggered by reports that the drug causes serious side-effects.

Sumitomo Chemical slipped Y69 to Y840 after advancing Y21 at one stage, while Ajinomoto ended Y140 down at Y3,380 after spurting Y40. Nisshin Food Products slumped Y300 to Y3,990, Japan Synthetic Rubber Y28 to Y647 and Green Cross Y120 to Y2,780.

Elsewhere, financials closed mixed. Sumitomo Bank added Y60 to Y3,480 and Fuji Bank Y30 to Y2,810, while Nomura Securities slipped Y60 to Y4,850.

Bonds made sizeable gains on a strong push by big securities companies amid growing expectations of still higher prices ahead. The yield on the benchmark 5.1 per cent government bond due in June 1996 plummeted from last Friday's 4.530 to 4.365 per cent, slipping below 4.4 per cent for the first time.

But some major securities house officials expressed concern about the brokerage houses' activity with a Finance Ministry decision on terms of a 10-year government debt of issue in April scheduled for this weekend.

HONG KONG

PROPERTY issues featured strongly in Hong Kong's rally that took the Hang Seng index to 2,813.40 with a 32.85 point jump.

Sentiment was bolstered by the weekend announcement that Hongkong Land was spinning off its Mandarin Oriental Hotels operation. HK Land gained 10 cent to HK$8.10 as the group offered its shareholders 200 Mandarin shares at HK$1.54 each and 93 Jardine Strategic shares at HK$3.28 for every 1,000 shares they now hold.

Some profit-taking developed by mid session although a favourable response to a government land auction rekindled late buying.

News that the Australian Ariadne group had offered to buy 31 per cent of San Miguel Corp of the Philippines buoyed interest with San Miguel Brewery, the local unit, up 90 cents at HK$ 16.40.

Elsewhere Hutchison jumped HK$2 to HK$55 and Cheung Kong picked up 50 cents to HK$44.75.

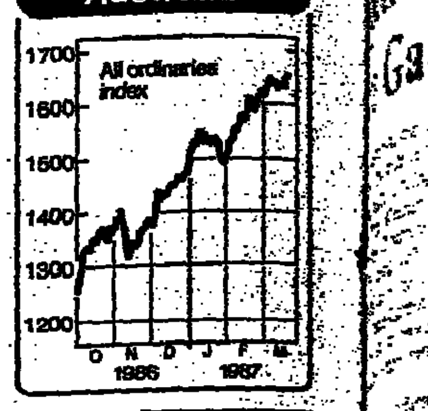
SINGAPORE

A FRESH spate of local buying combined with foreign institutional support to push Singapore higher and boost the Straits Times industrial index 9.14 higher at 1,061.09 on turnover of 34.3m shares.

Selected Singapore blue chips were most popular as some Malaysian-based issues retreated over the growing political uncertainty in Malaysia.

Inchcape, most active with 2.4m shares traded, gained 20 cents to S$3.44, while United Motor Works shed 1½ cents to 77½ cents on 1.4m shares. United Overseas Land, also busy with 1.1m shares turned over, lost 2 cents to S$1.82.

Other features included a 40-cent gain to S$12 for DBS, a 30-cent rise to S$11.50 for Singapore Airlines and a 25-cent advance for Fraser & Neave at S$10.10.



AUSTRALIA

THE BEST EFFORTS by profit-takers failed to halt another record in Sydney as the All Ordinaries index added 4.6 to peak 1,656.8 although the All Industrials edged 3.8 lower to 2,547.5. Turnover was 146m shares.

BHP lay at the heart of the day's trading as 10.73m of its Gold Mines subsidiary traded for a gain of 30 cents to A$1.30 after surging to A$2 at one stage.

Growing speculation that Bell Resources is planning to buy Elders IXL's 19.8 per cent stake in BHP triggered heavy trading in all three issues. BHP dipped 8 cents to A$10.60 ex rights after an early A$10.75 while Elders jumped 12 cents to A$5.18. Bell picked up 4 cents to A$5.08.

The activity in BHP Gold seeped into the rest of the gold sector as world bullion prices firmed. Western Mining scored a 30-cent jump to A$7.18 on 1.5m shares, while GMK and Central Norseman closed with 50-cent gains at A$26.50 and A$16.60 respectively.

Media issues were broadly lower as News Corp retreated 70 cents to A$22.70 and Fairfax gave up 10 cents to A$15.40.

In oils, Woodside found steady support after last week's sharp gains. It closed a further 23 cents higher at A$2.68 amid rumours that its majority shareholders are trying to mop up minority holdings.

Santos advanced 5 cents to A$4.50 and Bridge Oil, which has diamond interests in South Africa, jumped 12 cents to A$1.42. Ashton Mining, a leading diamond group, advanced 15 cents to A$3.95.

SOUTH AFRICA

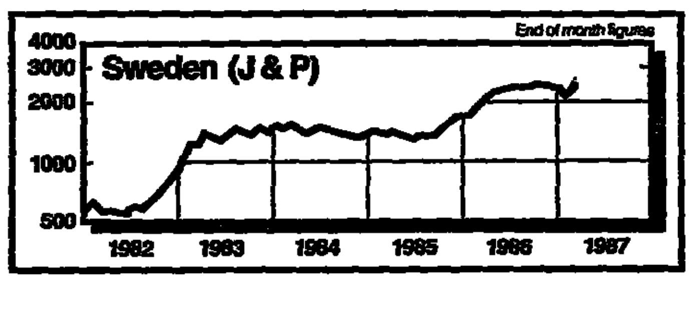
THE STRENGTH of the financial rand countered the firmer bullion price to leave Johannisburg mixed.

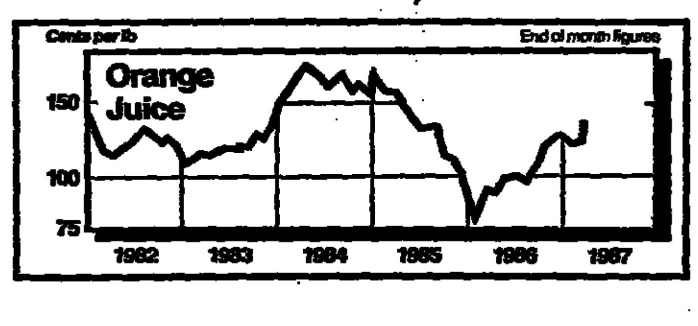
Randfontein scored a R9 gain to R411 and Blyvoorwas 75 cents ahead at R21.50. Vaal Reefs, however, lost R3 to R338 and ERPM shed 50 cents to R24.50.

Leading diamond share De Beers closed off its day's high of R40.40 with a gain of 15 cents at R39.25. Platinums and other mines were narrowly mixed.

Industrials tended to display little direction, while mining financials were slightly easier.

KEY MARKET MONITORS





STOCK MARKET INDICES

	Mar 23	Previous	Year ago
NEW YORK			
DJ Industrials	2,363.78	2,333.52	1,782.93
DJ Transport	947.55	948.89	804.71
DJ Utilities	221.56	220.12	184.60
S&P Comp.	300.55	298.17	233.34
LONDON FT			
Ord	1,611.5	1,598.9	1,394.6
SE 100	2,033.0	2,017.5	1,688.3
A All-share	1,014.73	1,006.89	822.45
A 500	1,135.04	1,125.43	904.69
Gold mines	367.4	362.4	309.4
A Long gilt	8.86	8.82	9.00
TOKYO			
Nikkei	21,588.25	2,657.6	(c)
Tokyo SE	1,859.33	1,860.7	(c)
AUSTRALIA			
All Ord.	1,656.8	1,652.2	1,136.7
Metals & Mins.	828.5	815.9	572.3
AUSTRIA			
Credit Aktien	200.63	200.7	233.65
BELGIAN SE	4,536.22	4,526.85	3,466.70
CANADA			
Toronto			
Met.& Mins.	2,652.7	2,647.16	2,443.0
Composite	3,842.1	3,833.0	3,055.3
Montreal			
Portfolio	1,915.97	1,906.59	1,583.36
DENMARK SE	—	198.82	240.60
FRANCE			
CAC Gen	448.70	444.5	339.5
Ind. Tendance	114.20	113.4	84.4
WEST GERMANY			
FAZ-Aktien	551.31	541.8	678.54
Commerzbank	1,673.0	1,644.5	2,055.3
HONG KONG Hang Seng	2,813.40	2,780.55	1,611.73
ITALY Banca Comm.	718.56	708.68	674.38
NETHERLANDS ANP CBS			
Gen	278.80	275.6	263.5
Ind	255.50	254.6	251.8
NORWAY Oslo SE	419.49	418.16	352.85
SINGAPORE Straits Times	1,061.09	1,051.95	582.36
SOUTH AFRICA JSE			
Golds	—	1,818.0	1,289.9
Industrials	—	1,691.0	1,200.8
SPAIN Madrid SE	227.70	229.87	156.06
SWEDEN J & P	2,621.30	2,521.11	2,002.22
SWITZERLAND Swiss Bank Ind	576.90	576.5	581.8
WORLD MS Cap. Int'l March 20	429.9	426.3	301.2

COMMODITIES (London)

	March 23	Prev
Silver (spot)	344.40p	347.4p
Copper (cash)	£925.50	£922.50
Coffee (September)	£1,315.00	£1,283.00
Oil (Brent)	$18.075	$18.10

GOLD ($/oz)

	March 23	Prev
London	$408.25	$404.50
Zürich	$406.90	$404.70
Paris (fixing)	$407.28	$406.10
Luxembourg	$406.40	$405.45
New York (April)	$410.80	$406.3

CURRENCIES (London)

	US DOLLAR Mar 23	US DOLLAR Previous	STERLING Mar 23	STERLING Previous
$	–	–	1.6175	1.6020
DM	1.8200	1.8340	2.945	2.9375
Yen	150.15	151.65	242.75	243.0
FFr	6.0600	6.105	9.8025	9.78
SFr	1.5230	1.5365	2.465	2.4625
Fl	2.0560	2.0710	3.325	3.3175
Lira	1,295	1,304	2,095.25	2,089.0
BFr	37.75	37.95	61.05	60.80
C$	1.3065	1.3085	2.1155	2.09605

INTEREST RATES

	Mar 23	Prev
Euro-currencies (3-month offered rate)		
£	9⅞	9[11/16]
SFr	4	4
DM	4⅛	4⅛
FFr	7⅞	7⅞
FT London Interbank fixing (offered rate)		
3-month US$	6[7/16]	6[7/16]
6-month US$	6[7/16]	6[7/16]
US Fed Funds	6[1/16]*	6[1/16]
US 3-month CDs	6.05*	6.325
US 3-month T-bills	5.555*	5.67

FINANCIAL FUTURES

	Latest	High	Low	Prev
CHICAGO				
US Treasury Bonds (CBT) 8% 32nds of 100%				
June	100-18	100-21	100-08	100-21
US Treasury Bills (IMM) $1m points of 100%				
June	94.45	94.46	94.42	94.50
Certificates of Deposit (IMM) $1m points of 100%				
March	–	–	–	93.97
LONDON				
Three-month Eurodollar $1m points of 100%				
June	93.51	93.55	93.50	93.59
20-year National Gilt £50,000 32nds of 100%				
March	126-26	126-31	126-23	127-09

US BONDS

Treasury

	March 23 Price	March 23 Yield	Prev Price	Prev Yield
6⅜ 1989	99[28/32]	6.384	99[29/32]	6.364
7⅛ 1993	99[29/32]	7.03	99[31/32]	7.000
7¼ 1996	100[1/32]	7.228	100[11/32]	7.182
7½ 2016	99[15/32]	7.545	100	7.498

Source: Harris Trust Savings Bank

Treasury Index

Maturity (years)	Return Index	Day's change	Yield	Day's change
1–30	163.17	+0.28	6.93	–0.03
1–10	154.63	+0.12	6.66	–0.03
1– 3	144.03	+0.07	6.37	–0.03
3– 5	157.57	+0.17	6.71	–0.03
15–30	198.58	+0.59	7.78	–0.03

Source: Merrill Lynch

Corporate

	March 23 Price	March 23 Yield	Prev Price	Prev Yield
AT&T 3⅞ July 1990	93.79	6.00	93.91	5.95
SCBT South Central 10⅞ Jan 1993	105.25	9.27	105.25	9.70
Phibro Sal 8 April 1996	99.875	9.70	100.00	8.00
TRW 9⅜ March 1996	103.5	8.19	103.50	8.19
Arco 9⅞ March 2016	113.00	8.64	113.25	8.62
General Motors 8⅜ April 2016	94.25	8.67	94.375	8.66
Citicorp 9⅜ March 2016	101.00	9.27	101.00	9.27

Source: Salomon Brothers

* Latest available figures

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